CANADIAN Taxpayers FEDERATION

THE TAXPAYER

Promoting the responsible and efficient use of tax dollars

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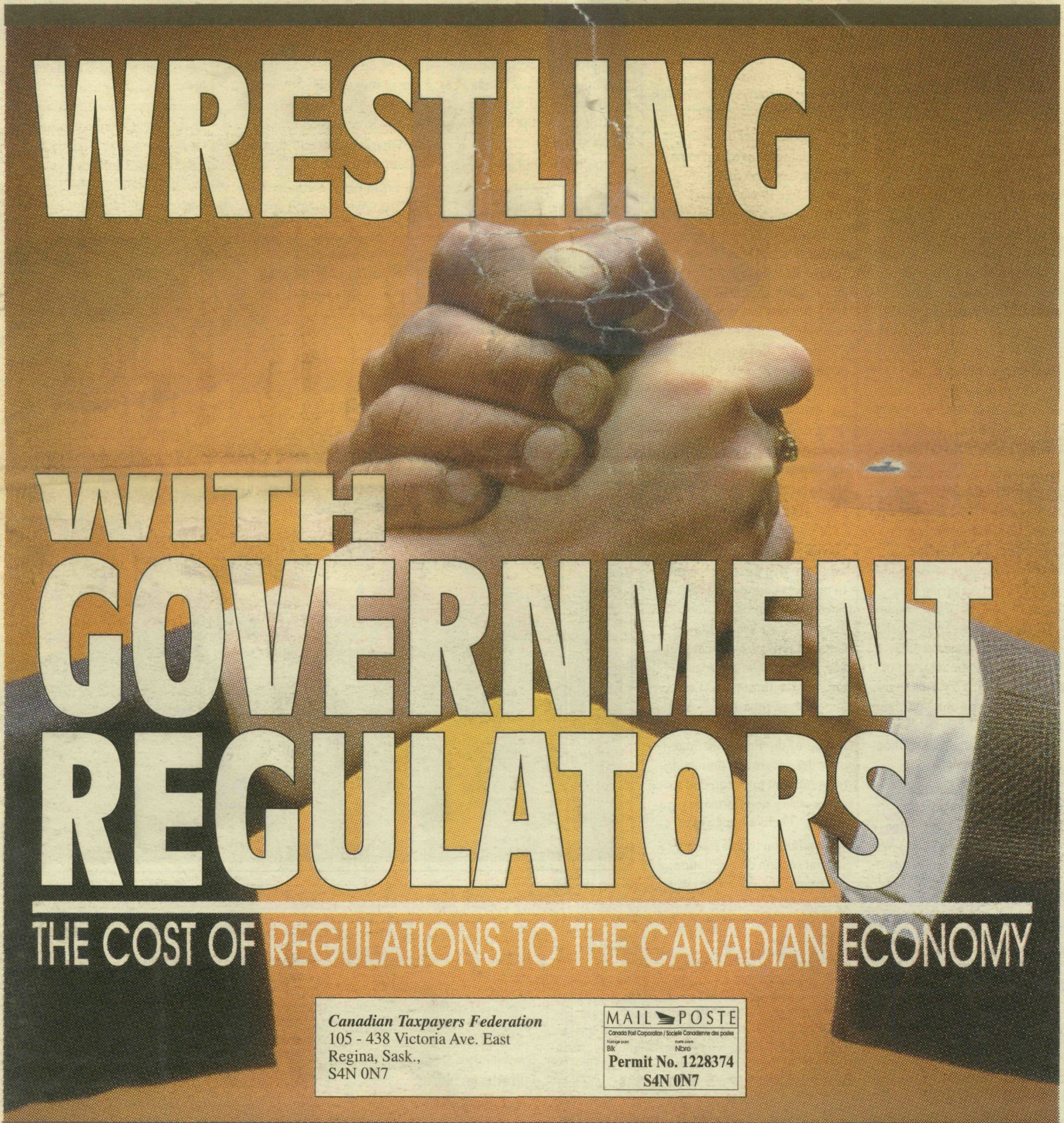

WRESTLING WITH GOVERNMENT REGULATORS

THE COST OF REGULATIONS TO THE CANADIAN ECONOMY

Canadian Taxpayers Federation
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The full cost of government

Mitch Gray is the Director of Research for the Canadian Taxpayers Federation

By Mitch Gray

When most Canadians think about "the cost of government" the first thing that comes to mind is how much our elected officials spend. We attribute "costs" to money spent directly on items like health care, defense, and the arts. Direct spending is obviously a major cost to taxpayers — but it's not the only cost. Another invisible, but extremely expensive cost, drags down taxpayer's income every year — government regulations.

In this issue of *The Taxpayer* you'll explore the hidden, complex, and often comic world of government regulations. You'll laugh at the absurdity of the idea of B.C. police officers measuring the heads of cyclists to determine who should be wearing a helmet, and at Regina's regulation outlawing the wearing of spandex. You'll cry when you find out that you and your family are paying $11,929 a year for these and hundreds of thousands of other regulations.

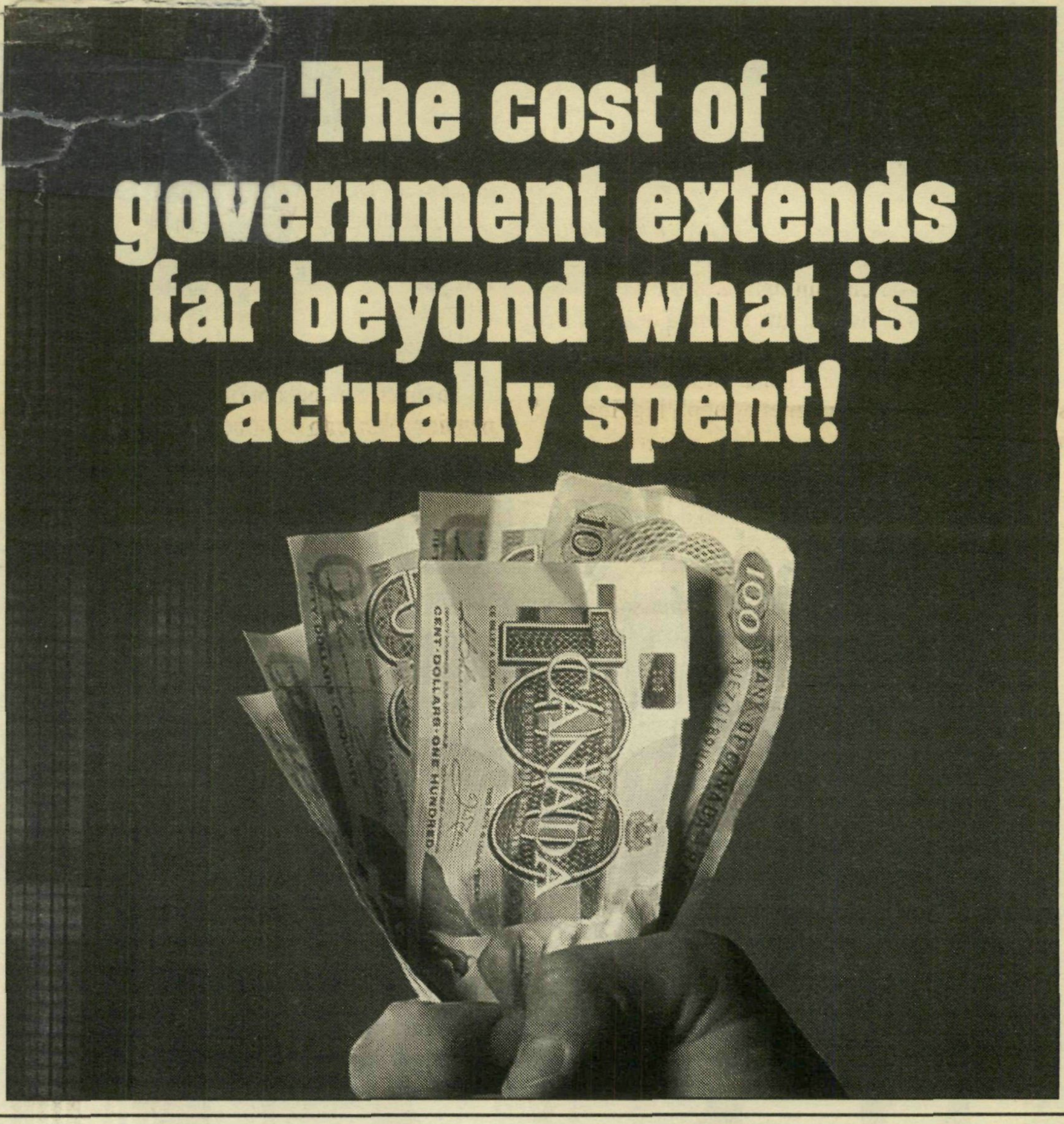
The direct financial impact of regulations can be felt through higher prices for consumer goods and services. We all pay business' cost for complying with officialdom through higher prices. Some of these costs might be of value - like increased car safety through automobile regulations. Others, however, such as federal regulations forcing the use of both French and English on cereal boxes have dubious utility. And then there are the indirect costs. The compliance costs of government regulations can sometimes be so high as to put companies out of business. At other times regulations control competition or favour some industries or businesses over others, controlling supply and distorting prices.

How do you fight such invisible costs? This issue's contributors give us some ideas. In our guest editorial, Frank Sheehan, Chair of the *Red Tape Review Commission* in Ontario, tells us how that province plans to trim the regulatory burden through a "Less Paper/More Jobs Test." And respected economist Fazil Mihlar of the Fraser Institute provides several recommendations on how to put an end to unnecessary and intrusive regulations. There's hope yet!

In addition to this issue's special section on regulation, you'll want to check out the CTF's exclusive pre-budget interview with federal Finance Minister Paul Martin. Mr. Martin was kind enough to respond to reporter Joy Schmit's questions on such subjects as the deficit, taxpayer protection legislation and the Canada Pension Plan. We'll let you decide for yourself if his answers are up to snuff.

You'll also find all the regular features including the grants section beginning on page 24. This issue reveals heritage culture and language funding. Last issue's grants section detailing business subsidies made quite a stir. The Federation received numerous calls after several reporters followed up on where all that taxpayer money had actually gone. We've reprinted an article by Ron Corbett of the *Ottawa Sun* who did some investigative reporting.

From Paul Martin to the *Ottawa Sun*, it would appear that Canadians are taking notice of the CTF and its efforts. But we can't do it without your participation. Let us know what you think the 1997 budget should look like by filling out the CTF pre-budget survey on page 27. And help us send a message to the federal and provincial governments that Canadians cannot afford a massive Canada Pension Plan tax hike by filling out the coupon on the back page. Thanks for your help. ■



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Information:

The Canadian Taxpayers Federation (CTF) is a federally incorporated, non-profit organization. Our three-fold purpose is: 1) To act as a watch dog, and to inform taxpayers of government's impact on their economic well-being; 2) To promote responsible fiscal and democratic reforms, and to advocate taxpayers' common interests; 3) To motivate taxpayers to exercise their democratic responsibilities. Founded in 1989, the Federation is independent of all political or institutional affiliations and is entirely funded by its associate membership fees and free-will contributions. *The Taxpayer* is published six times a year and is mailed to the CTF's associate members. For more information write: the Canadian Taxpayers Federation, #105 - 438 Victoria Ave. East, Regina, Sask., S4N ON7, or phone our toll-free number: 1-800-667-7933. Printed in Canada. Editorial cartoons are used by permission.

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- Ontario: P.O. Box 19518, Manulife Centre, 55 Bloor Street West, Toronto, ON, M4W 3T9, Ph: 1-800-265-0442.

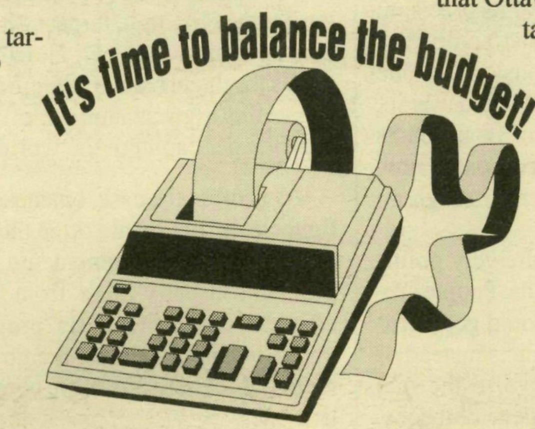
The CTF's federal pre-budget submission

The following is a summary of the CTF's 1997 budget recommendations to the House of Commons Finance Committee.

Discussions on the 1997 federal budget should focus on three important issues — deficit reduction, job creation and lower government spending.

1. Deficit Reduction

While Ottawa has made some progress toward deficit reduction, its efforts have been modest at best. The government's targets of a deficit-to-GDP ratio of 3% ($24.3 billion) in the current fiscal year and 2% ($17 billion) in 1997-98 are inadequate.



Stimulating Canada's economy requires much faster deficit reduction than we have had to date.

Ottawa needs to establish a timetable to eliminate the yearly deficit by the end of 1998-99. Federal deficit targets should be revised from $17 billion in 1997-98 to $12.2 billion, and to zero in 1998-99.

Ottawa should also pass the *Taxpayer Protection Amendment* as proposed by the CTF. This would constitutionalize deficit elimination by the year 1998-99 and make it against the law to run a deficit after then, thus preventing any future government from heading down the road of fiscal disaster. It would ensure that these targets are met by applying financial penalties to those MPs who violate the terms of the law. It would also prevent the elimination of the deficit on the backs of Canadian taxpayers by requiring new tax measures be put to a public vote.

2. Job Creation

Job creation is dependent on the purchasing power of consumers. Unfortunately, median after-tax family incomes fell 7.3% from 1990 to 1994. Since Canadians now have less after-tax income with which to purchase consumer goods, economic growth and the jobs that accompany it are severely constrained.

As the graph below shows, after-tax income has fallen because the deficit has been reduced through tax increases ($14.3 billion from 1993-94 to 1995-96) and not because of spending measures (total spending increased by almost $1 billion during the same period).

Consequently, the single most important measure that Ottawa can take to create jobs is to cut taxes. However, the tax break must come in the form of broad-based cuts rather than selective tax cuts which will only stimulate certain industries.

An across-the-board $4 billion tax reduction, on marginal tax rates, or by increasing the Basic Personal or Spousal deduction, or through reducing the GST, would put more money back into consumers' pockets and stimulate economic growth.

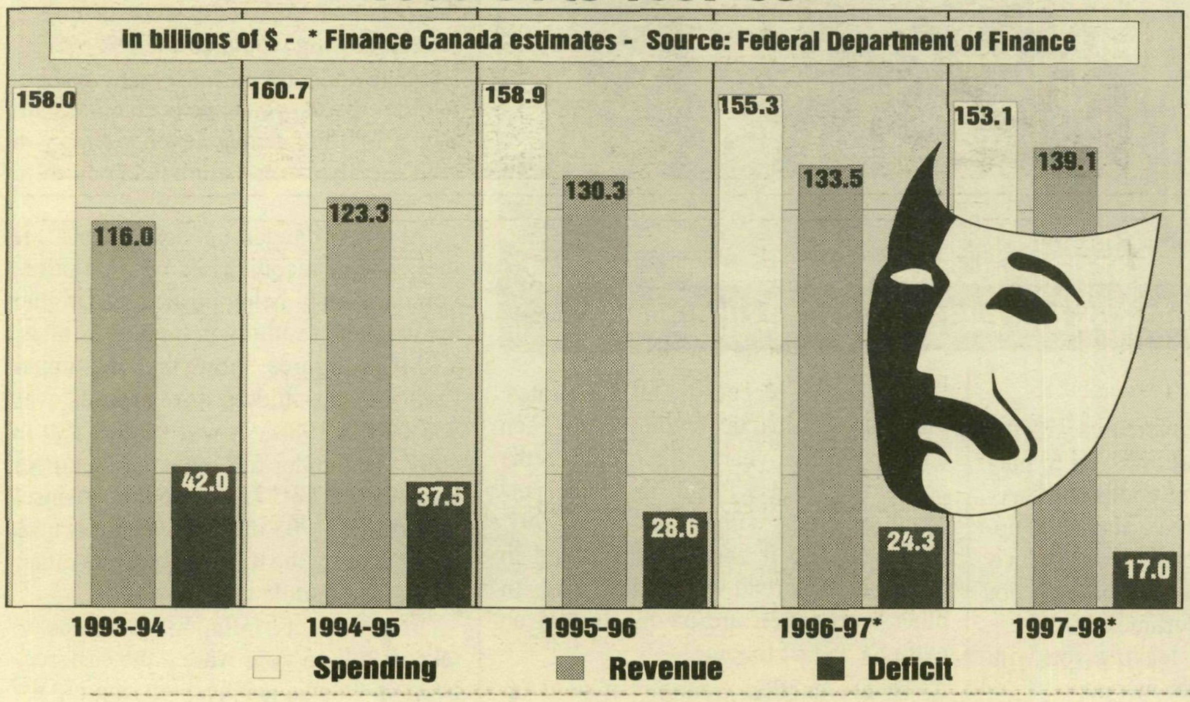
3. Reduce Spending

Finally, the issue of government spending must be addressed. Despite talk of fiscal restraint, total federal spending has actually increased by almost $1 billion from $158 billion in 1993-94 to $158.9 billion last year. Since increased government spending is ultimately the fuel behind higher taxes and deficits, it is the source of the drag on economic growth.

Savings can be obtained by converting the MP pension plan into a money purchase plan, by eliminating the $4.6 billion in parliamentary appropriations to Crown corporations, by selling all or part of the $58.7 billion in assets held by federal corporations, by eliminating $3 billion from Industry Canada's business subsidies, by reducing the $2.6-billion Canadian Heritage budget through terminating billions of dollars in special interest group subsidies, by streamlining Defence and Foreign Affairs, by reducing Employment Insurance expenditures by 10%, and by reducing compliance and administration costs of the tax system through wholesale reform.■

Federal spending, revenues and deficits

1993-94 to 1997-98



Waste Watch

Grab the Tylenol

A report out of Ottawa shows that the Department of Veterans Affairs is paying almost $5 million a year on dispensing fees for drugs that could be bought over the counter to treat minor ailments such as headaches and heartburn. At times, the net result is a doubling of the cost of the drugs. In fact, the dispensing fees in some cases are higher than the retail price of the drugs. The federal government provides medications free of charge to veterans, but insists they get prescriptions in order to be reimbursed. A 100 tablet bottle of Aspirin could be purchased over the counter for $7, but Veterans Affairs pays out $11.29 for the tablets and a dispensing fee of $7.13. Similarly, common heartburn medication would retail at $10.79, but Veterans Affairs pays $14.95.

New light regulations to cost millions

New light regulations will force offices and households in Canada to spend millions to replace their burnt out fluorescent and spotlight bulbs. The Energy Efficiency Act mandates the purchase of newer more energy efficient bulbs that cost on average 50 percent more than existing bulbs. The cost to consumers will be huge and upfront, while the energy savings will take years to show benefits. The new law also threatens fines of up to $200,000 against importers and manufacturers for selling bulbs that don't comply.

Going, going, gone!

The Defence Department went on a costly year-end shopping spree. The government set guidelines to eliminate spend-it-or-lose-it budgeting. However, the Department defied the guidelines and spent 58% of its entire 1994-95 computer budget in the last three months of the fiscal year. This cost taxpayers an estimated $12 million in lost volume discounts according to the Department's own auditors. As well, the Navy spends up to 68% of its annual fuel budget in the final three months of each fiscal year. The auditors stated the spending pattern is "a practice based more clearly on funding budgetary considerations than on demonstrated operational requirements." Spend-it-or-lose-it budgeting at its finest.

Daycare on Parliament Hill

Construction workers on Parliament Hill, outside a subsidized daycare centre, were issued an edict to shut down operations from October 4 to October 25 during nap time for the children of cabinet ministers, MPs, Hill staff and parliamentary reporters. A construction foreman said his workers were paid $21 an hour even though they weren't working during the nap time from 12:30 p.m. to 2:45 p.m. At over two hours a day, that's more than 25 percent of the work day. The final bill isn't in yet to estimate the cost to Canadians.

$35 million for dubious project in Cuba

Under an export credit facility reserved for politically sensitive projects with dubious commercial prospects, Canadians will be footing the bill for the construction of a third terminal at Havana International Airport. Under the $35-million deal, Canada's Export Development Corporation will advance funds to Cuba to buy Canadian products. The EDC funds will be disbursed from its "Canada Account," an account reserved for projects that do not meet EDC's normal lending criteria. ■

Have subsidies destroyed Atlantic Canada?

by Dean Smith

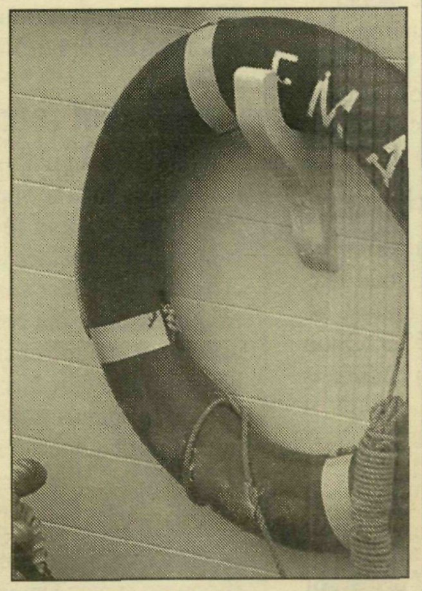
A groundbreaking study out of Atlantic Canada says massive federal aid to the region during the seventies and eighties has done more harm than good. The findings of Fred McMahon, a senior policy analyst with the Atlantic Institute for Market Studies, fly in the face of 25 years of federal government policy for the region and are outlined in his book, *Looking the Gift Horse in the Mouth*.

Although federal subsidies have reached as high as 40% of the region's total economic activity and $5,000 per capita, they haven't boosted the economic climate. In fact, when McMahon compared the amount of federal aid with the region's per capita GDP, he found an almost inverse proportion. The more aid was poured into the area, the lower the GDP went. Until the mid-seventies, the area's economy followed a growth pattern similar to the rest of Canada. However, when the feds started pumping financial assistance into the region, per capita economic growth declined and did not start to rebound until the eighties when Ottawa was forced to cut its aid to the region because of fiscal restraints.

Two years ago, Atlantic Canada's economy grew at a rate of 75% of the Canadian average with subsidies at a 20-year low. This compared to a growth rate of 60% when subsidies to the region were at their peak. As well, federal aid produced no jump in the region's per capita income.

From this, McMahon suggests that each dollar in federal aid was offset by a corresponding loss in economic activity: subsidies appear to have had a negative economic impact.

McMahon says there are a number of reasons for this. First, subsidies distort the way people do business. Instead of developing companies that can succeed in the current marketplace, people create ventures to attract government subsidies. Rarely do market realities and government-favoured businesses coincide. As well, instead of working to increase their companies' efficiency, many concentrate on working the bureaucracy for more subsidies. He cited the example of a multinational branch that set up office in Nova Scotia. When it tried to subcontract out some of its precision engineering work, most companies said they were too busy. The one company that did take the bid was six weeks late, and 10% of its products were rejected. The company now does the subcontracting through an Ontario business.



Has the financial life preserver Ottawa has thrown to Atlantic Canada done more harm than good?

Business has become very politicized in Atlantic Canada. People created companies that could get lucrative government contracts instead of ones that could survive in the real world. With government cutbacks, many of these companies are now facing a distinctly different economic climate. Along with this, Ottawa has tended to subsidize inefficient sectors of industry whose future is now past. It does this because there is often a large voting constituency attached to them.

Then there is the legacy of UI, through which Ottawa has given extended benefits to the region unavailable elsewhere. Studies show that employees are often unwilling to work when free money is available for doing nothing, particularly if the work pays less than what they're used to. McMahon cited U.S. fish processing plants which buy fish from Mexico to process when their local season is over. Canadian plants are unable to do the same thing due in part to the difficulty in competing with UI.

Additionally, many of Ottawa's make-work projects produced no long-term economic impact. McMahon says that one of Newfoundland's mythical claims to fame is that it has the highest number of playgrounds per capita in the world!

As is often the case, businesses in financial difficulty are often the ones applying for government aid. The problems usually stem from more efficient competitors. By propping up the weaker business, the government in turn hurts the more competitive one.

McMahon states, "This research shows Atlantic Canadians can make it on their own; that we need not remain dependent on the rest of Canada for our economic future and well-being. Canada's experiment with massive regional subsidies has done us more harm than good."■

If you would like to receive a copy of ***Looking the Gift Horse in the Mouth: The Impact of Federal Transfers on Atlantic Canada*** write the Atlantic Institute for Market Studies, 1326 Barrington St. Halifax, N.S. B3J 1Z1. The book sells for $14.84 including GST and postage.

If Ottawa had simply invested and collected interest on all the subsidies it poured into Atlantic Canada, today there would be a nest egg of nearly $1 trillion or $400,000 for every man woman and child in the region.

Creepy Taxes

The invisible tax increase that's hitting every

By Robert Pauliszyn

Something doesn't add up. Finance Minister Paul Martin keeps saying he hasn't raised our taxes. Yet, every year our wallets seem to be getting a little lighter. It's true. The federal government *is* lightening our wallets, thanks to a little known tax increase mechanism in the *Canada Income Tax Act.*

Tax accountants call it "bracket creep" and it stems from the federal government's 1985 decision to stop fully indexing the income tax system to inflation (the annual change in the cost of living). Federal income tax brackets, personal credits, and items such as the threshold amount for the Old Age Security clawback are only adjusted if the inflation rate is above 3%.

For example, if the inflation rate is 4%, the income tax brackets and personal credit amounts only get bumped up by 1%. If the inflation rate is 6% they get bumped up by just 3% and if it is less than 3%, as it is currently, the tax brackets and credits remain unchanged.

The result: you pay a greater percentage of your income in taxes every year. It is taxation by stealth because every year inflation slowly erodes the value of your tax exemptions and pushes you into a higher tax bracket.

Even if your income increases with the cost of living, it only allows you to purchase the same basket of goods and services since their prices have also gone up. However, if your personal credits (which are used to reduce your tax bill) do not change, then the government is taking more of your income, leaving you with less, despite your higher income.

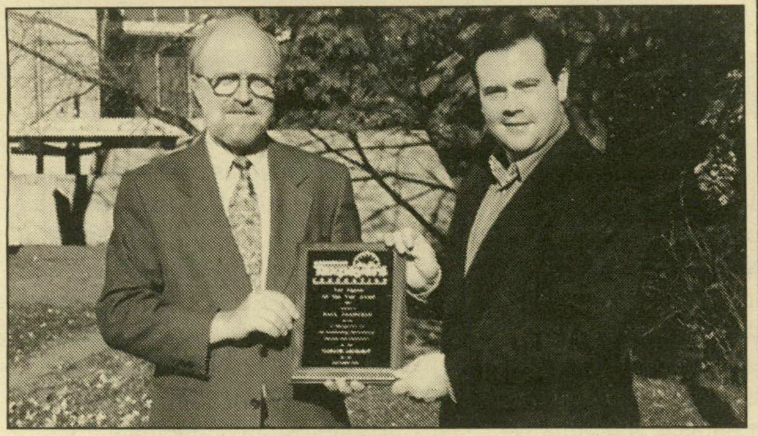
Because of recent low inflation rates, the basic personal tax credit has not been adjusted in five years. According to the accounting firm KPMG, the basic personal tax credit will be $6,456 in 1997. However, had it been fully indexed to inflation, the credit would be $7,847. In other words, you are paying tax on an extra $1,391 of income.

To use another example, if your income was $26,500 in 1988, you were required to pay $3,485 or 13.15% in federal income tax. Assuming your income increased with inflation, you would be earning $35,400 today. But your federal tax payable would be $5,443. Presto! — a tax increase. You are now paying 15.37% in federal tax compared to 13.15% in 1988. But if full indexing of the personal tax credit were in effect, your tax owing would be $4,707 — $735 less than under the current creepy system. In other words, you have been quietly hit with a 14% tax increase even though you aren't really earning more than you were before.

Another dangerous consequence is that as your income rises with inflation, you are slowly being pushed into higher tax brackets resulting in higher tax rates. KPMG's figures show that the upper limit of the middle tax bracket was $55,000 in 1988. It will be $59,180 in 1997. But under full indexing the upper limit would be $71,883 today. Consequently, $12,703 of your income is now being taxed at the top marginal rate rather than at the middle tax rate.

Ironically, as inflation continues to take its toll on your wallet, the cash registers in Ottawa just keep on ringing. ■

Tax Fighter of the Year



Paul Pagnuelo (left) receiving the award from Jason Kenney.

On October 19, 1996, Paul Pagnuelo was given the Canadian Taxpayers Federation's "Taxfighter of the Year Award." Paul has worked untiringly for the organization as a volunteer since 1993 when he was instrumental in having the CTF establish a provincial organization in Ontario.

Since that time, he has served as the Ontario provincial director, as well as on the Federation's national board, to which he was appointed in 1994. Due to the rapidly increasing time demands as provincial director, he retired from the CTF board in 1995.

As a volunteer, Paul has achieved remarkable results in his time with the CTF. In the run-up to the Ontario provincial election in 1995, Paul put pressure on all parties to agree, in writing, to pass tough tax limitation and deficit reduction legislation if elected. Only Conservative Leader Mike Harris, who won the election, signed the pledge.

As well, Paul was behind a number of significant "No More Taxes Rallies" in Ontario which the CTF used successfully to stop the federal government's massive tax increase planned for the 1995 budget. His efforts resulted in some of the largest rallies in the country, including attendances of 3,500 in Pickering and 2,000 in Toronto.

He has done hundreds of media interviews as well as made numerous presentations to various government committees.

Paul has been active in the taxpayer movement for years, trying to curb high taxes and excessive government spending. In 1991, he founded the Taxpayers Coalition of Victoria County, serving as its President until August, 1992. He also served as Vice-President, Eastern Region of the Taxpayers Coalition of Ontario.

Since 1965, Paul has worked in a variety of disciplines in the financial services sector, where he currently holds a senior management position.

Guest editorial

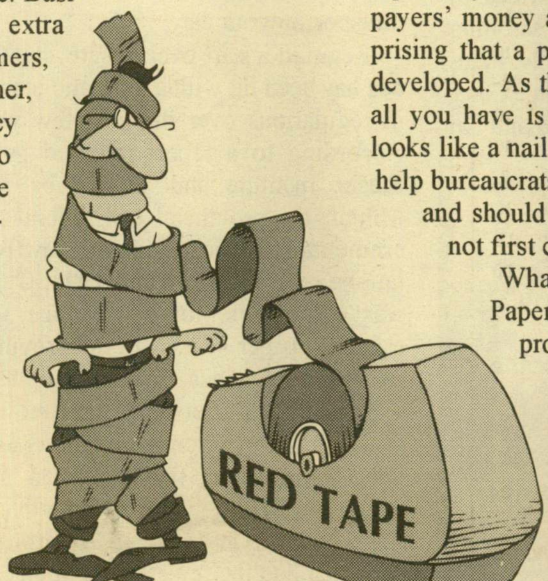
Common Sense Regulation: How Ontario is cutting the red tape barriers

by Frank Sheehan, Ontario MPP, Chair, Red Tape Review Commission

Government regulations, procedures, forms, rules and policies take up an enormous amount of time, money and energy in both the public and private sectors.

While some government control is needed to safeguard the public interest, many regulations do nothing more than create paperwork, duplication and expense. And any government requirement that isn't necessary is nothing more than red tape.

The waste of time and money created by red tape hurts everyone. Businesses pass the extra costs onto consumers, forcing prices higher, or spend money they could be using to expand and create more jobs. Government and private studies estimate that smaller business owners and their employees spend the equivalent of one to two months a year filling out paperwork and complying with government requirements. A recent study by the Fraser Institute estimated that direct cost compliance with regulation for Canadian governments is $85 billion a year, 12% of our country's Gross Domestic Product, or $2,000 a year for an average family of four.



For the average person, the result is poorer government service, higher taxes and fewer job opportunities as businesses are discouraged from investing or expanding.

Time and again, groups inside and outside government have studied the regulatory swamp. They have all come to the same conclusion — the swamp must be drained.

As we promised in our election campaign platform, The Common Sense Revolution, our government created an independent Commission on red tape, reporting directly to the Premier, with a mandate for action.

From the beginning, we found some obvious examples of red tape on the government books. For example, the Ministry of Natural Resources could not declare an area a restricted fire zone until a regulation was passed by Cabinet and published in the Ontario Gazette. Since this process takes at least three weeks, a fire could have easily started by the time the announcement was made.

Our Commission worked with each Ministry to identify these obvious starting places and find ways to fix them. The result was eight "red tape bills" introduced in the legislature to amend or repeal more than 50 pieces of legislation and some 1,500 regulations.

While efforts like this will continue, it would be like trying to bail out a battleship with a teaspoon — you'll never get anywhere until you stop the leak. So, we moved quickly to stop the creation of red tape in the first place.

It seems that creating red tape is as natural to government as building dams is to beavers, but it doesn't have to be that way. When people work in a culture where they are repeatedly asked to solve problems with taxpayers' money and new rules, it's not surprising that a pro-regulation mind-set has developed. As the old saying goes, "When all you have is a hammer, every problem looks like a nail." We need a mechanism to help bureaucrats realize that regulation can and should be their tool of last resort, not first choice.

What we created is the "Less Paper/More Jobs Test." Every proposed law, regulation and policy is now subjected to this test, to determine if the new rule is really necessary.

The test asks basic questions, which likely seem obvious to business people, such as, 'What are the costs of implementing and compliance?' 'What alternatives to regulations, such as self-regulation, voluntary codes, have been considered?' 'Is this rule duplicated at any other level of government?' 'Have the people affected by this proposed rule been consulted?' 'Is there a sunset clause to ensure the new rule will be reviewed and/or terminated?' and 'What would happen if this rule is not in place?'

The current test is being applied on an interim basis, and will be fine-tuned into a permanent part of our regulatory process. It's not more red tape; it's the beginning of changing the mindset of regulators.

The dozens of submissions we have received, along with a survey of more than 500 businesses and institutions, have identified many specific rules, programs and even entire Ministries for future reform.

More importantly, they identified that the way regulations are enforced is as big a problem as the rules themselves. More than half the people surveyed said regulations are not consistently enforced, and only a third said that government employees understood their business needs or resolved their problems quickly.

So, our greatest challenge is to change government culture to put customer service, taxpayer costs and the potential impact on job creation ahead of the demands of special interests, including the government itself.■

Regulation overkill

by Dean Smith

When governments aren't inventing creative new ways to spend money, they are busy creating something just as dangerous - regulations.

Regulations have been around for thousands of years. They coincided with the arrival of politicians who wanted control of the way things were run. Some of the earliest were found in the ancient Babylonian Code of Hammurabi which standardized weights and measures.

Regulations are essentially rules by which individuals and businesses must govern themselves. Unfortunately, many of them are invisible to the average Canadian. They are many and varied and can affect such diverse things as what type of music radio stations can play, how much telephone companies can charge for a private telephone line, and the number of languages on the packaging of manufactured products. When people go to a restaurant, there are regulations limiting how many can eat in the establishment. There are even regulations stating the correct way to set up a ladder. There are regulations controlling who certain employers can hire. Others limit how many fish you can catch and how many you can transport in your car.

Governments regulate the size of the fish you can catch.

Regulations are everywhere, and Canada has been hit with a dramatic increase in regulations over the past few years. According to a report released by the Fraser Institute and written by Fazil Mihlar, the provincial and federal governments introduced 100,000 new regulations between 1975 and 1994. Ottawa was responsible for an average 1086 regulations per year, with the provinces, excluding Quebec, averaging nearly 3,500 each year. Between 1980 and 1994 (years for which complete data is available), Ontario led the regulation pack, averaging 819 regulations annually, followed by BC at 465, and Alberta with 436. PEI had the fewest regulations during this period, averaging 155 each year.

Unfortunately, these numbers don't include any new municipal regulations introduced during this time period. Municipal regulations can limit when you can mow your lawn and how much garbage you can have. In Regina, a regulation was introduced in 1992 requiring new restaurants with seating for over 50 people to have a breast-feeding room separate from the men's and women's washrooms. Although the law was later repealed, a number of restaurants had already been forced to comply at considerable expense.

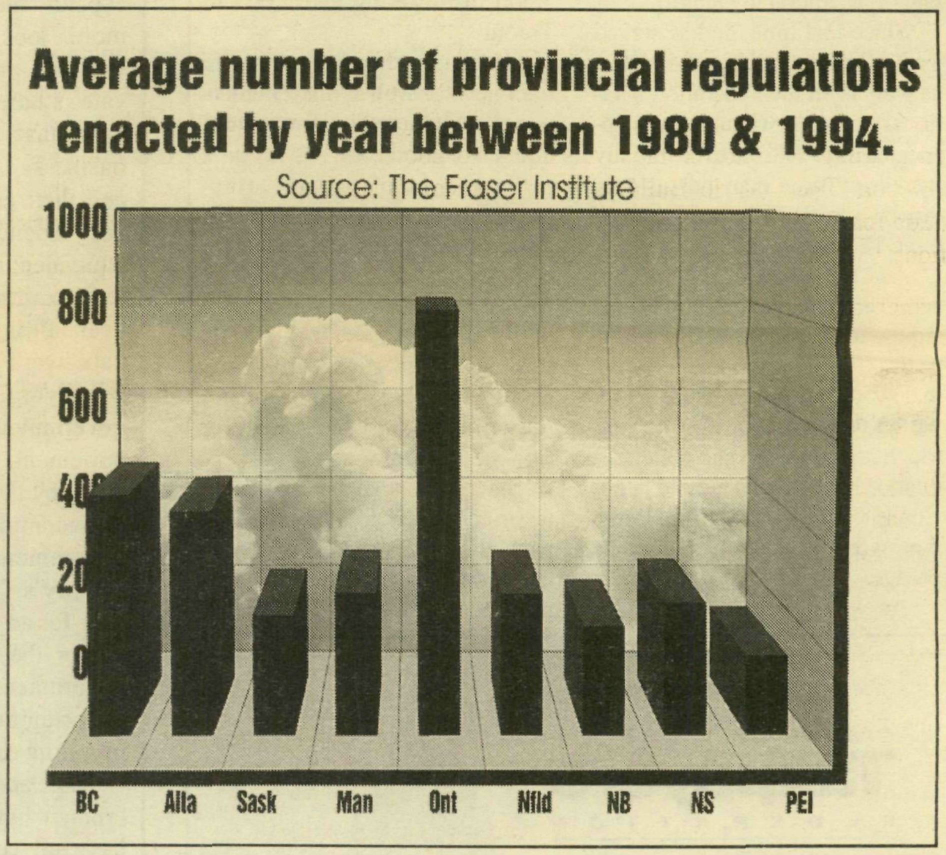
People recognize a certain number of regulations are necessary for an orderly society. But at the same time, too many regulations can strangle the economy.

In 1994, the federal government set up the Small Business Working Committee. In their report they stated: "Too many regulations are developed and administered with little consideration given to their impact on the competitiveness of small business. Government must regulate less, simplify paperwork, limit information requirements and get out of the way so that small businesses can focus on creating jobs."

A 1993 Treasury Board report repeated a similar message, stating that ill-conceived regulations can actually hurt the economy instead of helping as intended.

Unfortunately, with the flood of new regulations over the past few years this tends to be the norm. Often old regulations are never repealed and the regulations begin to compound, turning things into an administrative nightmare. Farmers and businessmen alike are complaining about the endless amount of paperwork they have to complete just to stay in business.

In the process, these regulations drive up costs and make it difficult to compete with businesses outside the country, or even outside the province, which are not strangled by the same red tape.■



The cost of regulations

by Dean Smith

Everyday Canadians and businesses are paying the cost of regulations. According to a Fraser Institute study, regulations - more commonly referred to as red tape - cost the economy approximately \$85.7 billion in fiscal year 1993-94. Billions!

In the same study, the Fraser Institute calculated that regulations directly cost each Canadian household \$11,929, or \$2,982 per person that year.

Some of the major motivations for regulation surround consumer safety. The automotive industry, for example, is presently required to install seat belts, and soon air bag installation will be mandatory.

As recently as this past summer, Asian car-makers complained they will lose business when Ottawa forces them to install air bags in their cheaper models of cars in the fall of 1997, making them unaffordable for many buyers. It's estimated that air bags could increase the cost of a new car by as much as \$2,000. As cars are required to add additional safety features, the cost goes up. The list could go on and on. While safety would be increased, the bottom line remains the same: people only have a certain amount of money.

Environmental regulations also increase costs to consumers. In 1992, the Hudson Bay Mining Corporation constructed a new \$200-million zinc processing plant in Flin Flon, Manitoba. Sources indicate that it is highly unlikely the company would have replaced the old plant if it wasn't necessary for them to comply with the federal government's regulations on sulfur dioxide emissions.

It is estimated that Quebec paper mills will have to spend an additional \$1 billion to comply with government regulations demanding a reduction in toxicity in their effluence.

Costs can also come in other ways. In 1994, Abitibi Price was considering the possibility of closing down its paper plant in Pine Falls, Manitoba, due in large part in having to spend approximately \$26 million to upgrade the plant to meet federal environmental regulations. Facing the real possibility of losing their jobs, a number of employees stepped forward with a proposal to buy the plant. In order to complete the deal, the group received financial assistance from the Manitoba government in the form of a \$30-million

Continued on the next page

continued from the previous page

loan, which will be used to comply with the federal government regulations. The employees also agreed to a 10% pay rollback and a pay freeze for the next few years. So in the end, government regulations not only cost salaries but forced another level of government to step in to ensure that the company, and the jobs it provided, survived.

It's that old government adage: "If it moves, tax it. If it keeps moving, regulate it. If it stops moving, subsidize it."

Governments also use regulations to control the marketplace. For instance, cities can limit the number of taxi cabs and even set the fares. Governments impose quotas on eggs, fish and dairy products. In the process, they license who can sell these products. They control who can produce these products, how much, and even where they can sell.

In 1993, the Ontario government brought in a number of codes for building new houses. They included new regulations pertaining to the height of basements, along with increased levels for insulation. The Ontario Builders Association reacted strongly to the new regulations. While the quality of the homes would undeniably be improved, the OBA estimated the changes, along with others initiated in 1990, would drive the cost of a new home up $8,000, making them unaffordable for approximately 125,000 families and resulting in nearly 11,000 job losses in the industry.

Introduced by the previous government, some of these regulations were later rescinded by the Harris government, and rightfully so. But this again represents yet another problem for businesses. Regulations change according to the government's political stripe. What's in vogue one year can be changed the next. This puts an undue burden on business which must be constantly aware of the changes. It's also unfair to consumers who pay the price through higher housing costs.

Similarly, a 1992 study of regulations in the fruit and vegetable industry by the George Morris Centre at the University of Guelph concluded that regulations were harming the competitiveness of this industry since the same rules didn't apply to goods grown in the U.S. One of the recommendations of the study was that the government should pick up the costs for any food inspection if the inspection is found at some later point to have been unnecessary - apparently a common occurrence.

Each province often has its own set of regulations for each industry. Consequently, businesses must deal with bureaucratic and costly regulations that change from province-to-province and even city-to-city. For example, the trucking industry often has vehicles travelling from one province to the next. Each prov-

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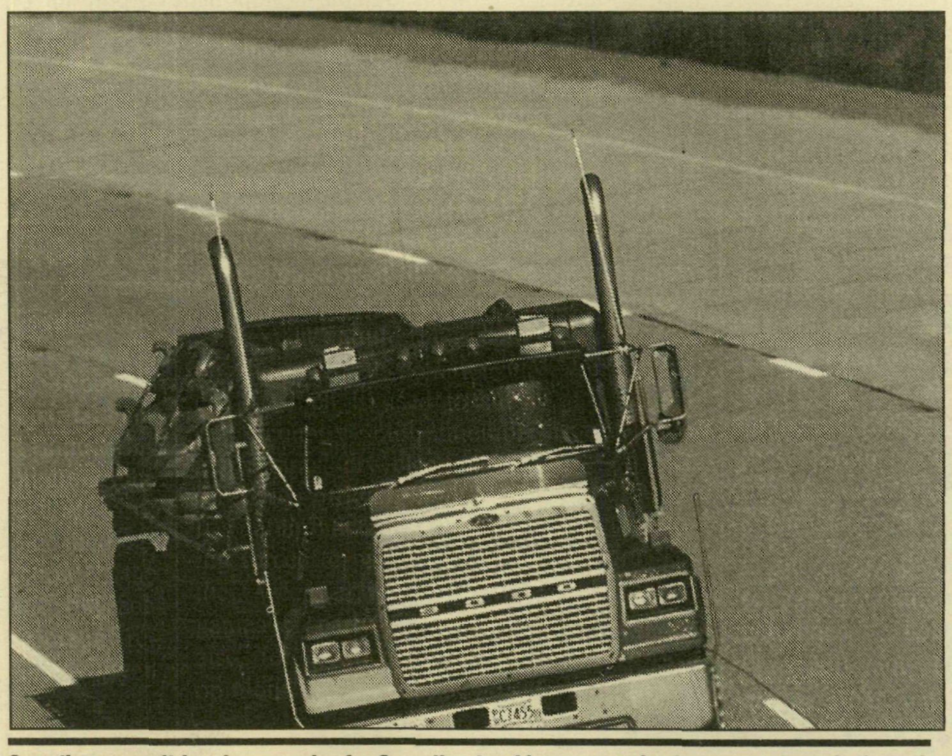


Over the years, it has been easier for Canadian trucking companies to transport goods through U.S. states than some provinces.

Regulation absurdities...

by Troy Lanigan

Maybe it's something in the air in British Columbia. But some of the regulations passed by politicians and bureaucrats on Canada's west coast leave you wondering whether to laugh or cry.

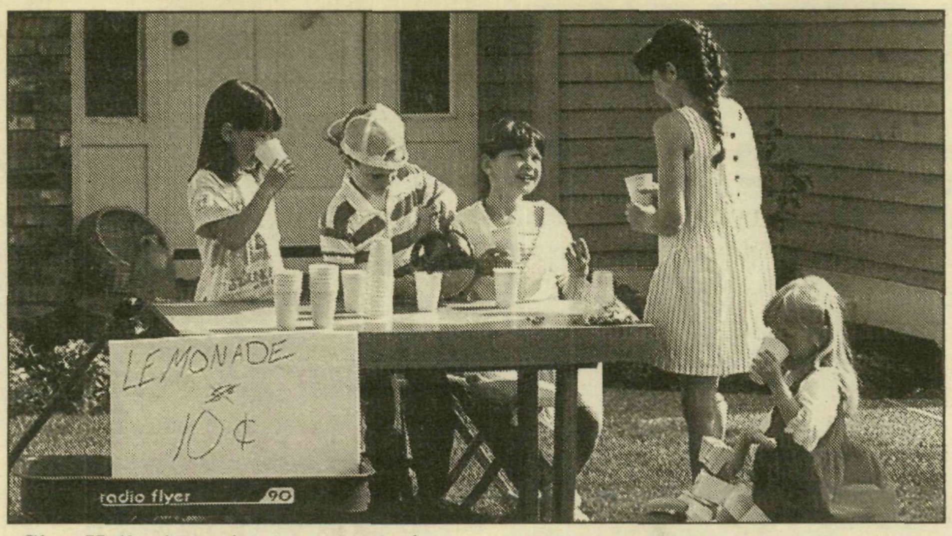
Take the Province's announcement this past October that children riding tricycles, people wearing religious head gear or people with heads larger than 65 centimeters in diameter would be exempted from the province's mandatory bicycle helmet law. Government officials will be issuing "exemption cards" to those who qualify.

You can imagine a group of police officers peering out the window of the local Tim Horton's ... "Hey Frank, is that guy wearing a ball cap or a turban?"

Or how about the police in Victoria who shut down a lemonade stand because the youngster, who was trying to earn money for Commonwealth Games tickets, didn't have a business license.

Last year, the Mayor of Burnaby had to personally overturn an order made by his city inspectors requiring a youngster to tear down his tree house because it did not comply with municipal building codes.

Then there's the debate that took place two summers ago at Vancouver



City Hall about ice cream vendors. Some residents argued that the City had to regulate ice cream vendors with their noisy vans and bikes.

Counsellors got up and gave speeches about the virtues and vices of roving ice cream vendors. Some harkened back to their childhood and spoke of the anticipation and excitement the ice cream vendor's jingle brought to their neighbourhood on a hot summer day.

In the end, Council decided ice cream vendors could continue to roam the neighbourhoods, but they had to shut off their jingle while ice cream products were being served and their bicycles or vans were at a stop.

But the pinnacle of regulatory absurdity involves a story that emerged this summer when bureaucrats vetoed a company's request to have 10 big screen TVs in its proposed 416 seat restaurant. The company in question is Planet Hollywood International, a trendy restaurant chain owned by such Hollywood luminaries as Demi Moore, Arnold Schwarzenegger and Sylvester Stallone. Based on a movie industry theme, the restaurants bombard diners with short film clips on screens as large as 120 inches across.

However, B.C. liquor licensing rules limit restaurants to just three video screens no more than 33 inches across. The liquor police reason that big screens in restaurants could attract a clientele more interested in drinking than eating. Oh boy ... serious stuff!!

Planet Hollywood is no coffee shop. Some of their restaurants reportedly gross up to (US)$45 million a year. Indeed, $54 million has so far been invested in their Vancouver location.

Considerable media and public focus finally forced the government to back-off in November. But not before the company had reportedly spent over $100,000 in legal and related costs simply to apply a standard concept it uses in restaurants around the world.

These stories are indicative of the unexpected consequences that result from excessive and tedious regulation: consequences that lead to higher costs, higher unemployment and higher taxes to pay for regulatory compliance like bureaucrats running around measuring people's heads or shutting down lemonade stands. Regulations such as these also remove people's ability to make their own judgements and decisions. They remove people's sense of personal responsibility and common sense — a much greater threat to our society than the lack of any government regulation.■

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ince has a different methodology for determining the safety ratings of each company. Because of this, carriers with identical safety records must go through the administrative hassle of applying for a safety rating if they want to carry products through that particular province. This costs time and money.

Regulations are also used to control monopolies. Over the years, governments have allowed or even set up their own Crown corporations to develop such things as the telephone industry. It was argued that these large monopolies could more effectively provide service at affordable rates. Then the government set up regulations to ensure, among other things, that the monopolistic corporations didn't gouge consumers. What's wrong with this picture?

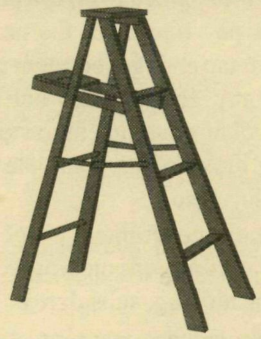
Regulations are also used to prevent certain products or activities from having an undue effect on unrelated third parties. An example of this would be regulations which force restaurants to set up specific areas for smoking. In Toronto, city councillors are contemplating passing a regulation which would make it illegal to smoke in any Toronto restaurant. If passed, this would put these restaurants at a competitive disadvantage with those outside Toronto's jurisdiction which allow smoking.

Toronto City Hall wants to make it against the law to smoke in their city restaurants.

Rules were passed by Ottawa in 1988 limiting foreign ownership of the film industry in Canada. These regulations prevented new foreign producers from distributing their own films in Canada, forcing them to use Canadian film distributors and producers. However, a number of US film distributors who were set up in Canada before 1988 were allowed to continue distributing films and to acquire rights for foreign films. According to reports in the *Globe and Mail*, Polygram Film now wants to set up offices in Canada. Some are lobbying the government to resist this, since Canadian film producers would no longer be able to distribute Polygram films. Those in favour of allowing Polygram in say the move could potentially benefit Canada's film industry through the production of major Canadian films. This highlights a second problem: the regulatory process can be highjacked by special interest groups to protect their own interests to the detriment of the rest of Canada.

However convoluted the red tape industry may seem, one thing is clear - spurious regulations cost the economy through higher prices, lost jobs, lost investment, and even higher taxes. ■

Whatever happened to common sense?



Under Ontario's Occupational Health and Safety Act (1995), employers are expected to know the details of all the Acts. In addition, they must be familiar with another 61 pages of rules found in "A Guide to the Occupational Health and Safety Act (1993)." Failure to follow through could result in a maximum fine of $500,000.

Unfortunately, a number of studies on occupational safety regulations noted no significant reduction in injuries because of them.

The following is an excerpt from the Ontario regulations pertaining to ladders:

LADDERS

80. (1) Except for a step stool, a worker shall not stand upon a chair, box, or other loose objects while working.
(2) A chair, box, or other loose objects shall not be used to support a ladder, scaffold, or working platform.
81. The maximum length of a ladder measured along the side rail should not be more than:
(a) six meters for a step ladder;
(b) nine meters for a single ladder; and
(c) thirteen meters for an extension or sectional ladder.
81. (1) A ladder shall,
(a) have adequate strength, stiffness and stability to support any load likely to be applied to it;
(b) be free from broken or loose members or other faults;
(c) have rungs evenly spaced; and
(d) be equipped with slip-resistant feet.
(2) A wooden ladder shall not be painted or coated with an opaque material.
83. When a ladder is being used it shall,
(a) be placed on a firm footing and secured against slipping;
(b) if a ladder is between six and nine metres in length, be securely fastened or be held in place by one or more workers while being used;
(c) if a ladder exceeds nine meters in length, be securely fastened or stabilized to prevent it from tipping or falling;
(d) when not securely fastened, be inclined so that horizontal distance from the top support to the foot of the ladder is not less than one-quarter and not more than one-third of the length of the ladder; and
(e) if the ladder is likely to be endangered by traffic, have a worker stationed at its foot to direct such traffic or have barriers or warning signs placed at its foot.
84. (1) When a step-ladder is being used as a self-supporting unit, its legs shall be fully spread and the spreader shall be locked.
(2) No worker shall stand on the top of a step ladder or shall use the pail shelf as a step.

** Source: Ontario Ministry of Labour, Regulations for Health Care and Residential Facilities & the Fraser Institute

Regulating the regulators

In a study published by the Fraser Institute, author Fazil Mihlar had some answers as to how governments should deal with the regulatory overkill currently flooding the market. He suggests...

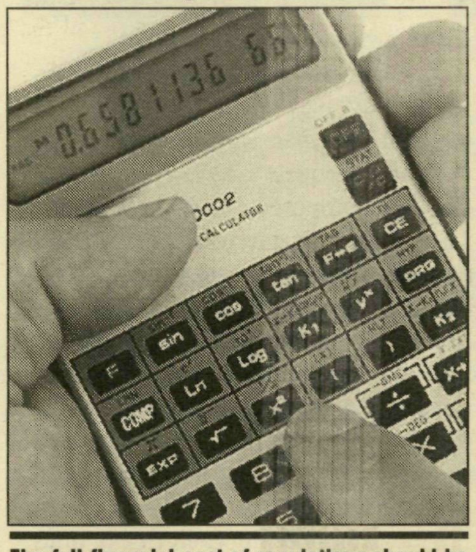
1. There should be a three-year moratorium on regulations to stop the onslaught of regulations that have flooded the country at provincial and federal levels.

2. Governments should set up independent committees with the sole purpose of reviewing, and consequently eliminating or amending, regulations as is needed.

3. Regulations should be as non-intrusive as possible. Instead of forcing change through regulations, government should work with business to institute the change.

4. Before any new regulation can be introduced, it should be put before an independent committee to determine if it should be passed. At this time private and government representatives would be able to make presentations on the need for the new regulation and prove, among other things, that the benefits outweigh the costs.

5. There should be a "sunset" clause on all regulations, automatically cancelling them after three years. Only an independent committee would have the power to extend the life of a regulation - by proving its value and need.



The full financial cost of regulations should be calculated before implementation.

6. Government regulators should prioritize regulations. All risks are not of equal magnitude and the most serious problems should be the focus of attention.

7. There should be a cost-benefit analysis done on regulations before they are instituted. This would include, among other things, the impact on the competitiveness of business and the financial impact it will have on consumers.

8. Any agencies proposing new regulations must show that there is no conflict with any other regulations on a provincial or federal level, particularly in areas where the two levels of government have overlapping boundaries.

Big Brother is regulating you

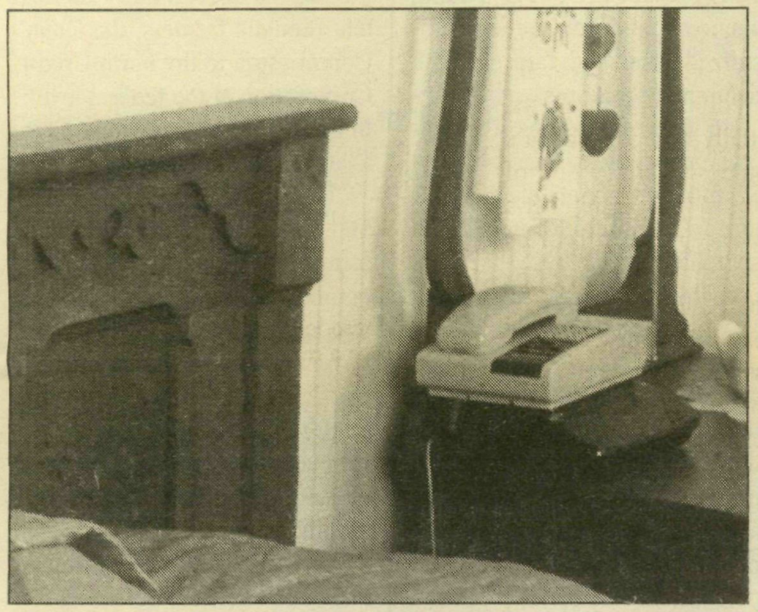
The CRTC's regulations stifle Canada's cultural industries

by Brian Kelcey

The website of the Canadian Radio-Television and Telecommunications Commission (CRTC) asks readers, "What good is the CRTC?" The answer - "Wherever you have a radio, a television, and a telephone, we're there too, helping to sustain the characteristics which make Canada and Canadians unique."

If the characteristics which make Canada unique include massive taxation, overregulation and a sense of patriotic insecurity, the CRTC is doing its best to be Canadian by its very existence. The CRTC's regulatory approach has helped to stifle a broadcast industry already burdened by high taxes and competition from the publicly-funded CBC.

The Commission recently announced that it "expects all private commercial radio stations" to make "contributions" to "Canadian talent development" when renewing their licenses. Taxpayers must translate the code used by the CRTC to understand the true price of the Commission's policies. The expected "contributions" are mandatory - in effect, a tax. "Talent development" is simply money handed out to artistic groups and funding agencies.



In Canada, the state is willing to stay out of the bedrooms of the nation only if there are no phones, clock-radios or TVs in those bedrooms.

Like most regulators, the Commission is slow to adapt to technological change. A recent CRTC study advocated regulation of the Internet for Canadian content, which is tantamount to regulating home magazine subscriptions or personal letters.

And that's not all. In 1996-97, the CRTC plans to "develop a policy for the permanent licensing of digital radio stations. This will trigger a new level of activity for the CRTC." The following (all-Canadian) CRTC radio regulations are a hint to digital broadcasters of what "new activity" means for them:

(2) For the purposes of this section, "Canadian selection" means a musical selection

(a) that meets at least two of the following conditions, namely,

(i) the music is, or lyrics are, performed principally by a Canadian,

(ii) the music is composed entirely by a Canadian,

(iii) the lyrics are written entirely by a Canadian,

(iv) the musical selection consists of a live performance that is

(A) recorded wholly in Canada, or

(B) performed wholly in and broadcast live in Canada, and

(v) the musical selection was performed live or recorded after September 1, 1991, and a Canadian who has collaborated with a non-Canadian receives at least fifty percent of the credit as composer and lyricist according to the records of a recognized performing rights society;

(b) that is an instrumental performance of a musical composition that meets the conditions set out in subparagraph (a)(ii) or (iii);

(c) that is a performance of a musical composition that a Canadian has composed for instruments only; or

(d) that has already qualified as a Canadian selection under regulations previously in effect.

(3) Subject to subsection (6) except as otherwise provided pursuant to a condition of its licence, an AM or FM licensee shall, each broadcast week, devote 30 percent or more of the licensee's musical selections from content category 2 and 10 percent or more of the licensee's musical selections from content category (3) to Canadian selections and schedule those selections in a reasonable manner throughout each broadcast day.

Television broadcasters face similar regulations, only with more teeth. Fifty percent of programs must be "Canadian." Direct-to-home satellite and pay-per-view enterprises must "contribute" at least 5% of their gross revenues to the development and production of Canadian programs. Cable licensees must contribute 5% of revenues to a community channel. Finally, Canadian licensees are expected to devise various affirmative action hiring and representation policies.

The trouble with all this is that it isn't working and it is costly. Canadian productions on anglophone TV used over 50% of the airtime because of Canadian content rules, but attracted only 28.5% of viewers. Apparently, broadcasters are forced to purchase 50% Canadian content, whether it's any good or not.

If these rules were relaxed, Canadian producers or artists could shop around the world for the most affordable help, talent or facilities, then they could produce better programming at a more competitive price. Relaxing the Canadian content rule would force producers to produce programming that Canadians would actually watch.

Our broadcast industry should be freed from the CRTC's regulatory burden. This would allow it to create sustainable jobs and meet its full competitive potential. It's an approach otherwise known as the free market.■

Next on the hit list....

Church bake sales

By Ted Byfield

In Calgary, we were informed of the incipient hazard to public health posed by church and community bake sales. In these deeply traditional events, women bake cakes, pies, cookies and other dainties, then sell them at a market or mall. There were six bakes sales at the Southgate Mall when our church held one last month in Edmonton. However, Calgary health officials warn, it is time for a crackdown. Henceforth any church or community hall kitchens providing goods for public consumption must be inspected. Had anybody actually been poisoned by a bake sale? Is there a bake sale victims list? Well, no, officialdom acknowledged, but while private kitchens need not yet be inspected, householders should be warned that one out of ten cases of food poisoning occur in the home.

Interesting that. It means that nine out of 10 cases of food poisoning are traceable to public kitchens, so you're nine times more likely to be poisoned if the health department has inspected the premises. Now they want to extend this grave danger to church kitchens. And if they then go after private kitchens even the home won't be safe.■

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A little more common sense & fewer regulations

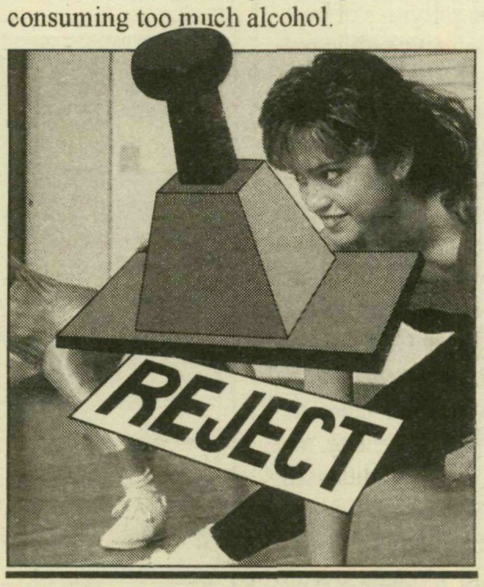
Spandex banned in Saskatchewan

Each year, the City of Regina holds its annual Buffalo Days Fair at the end of July.

As with most fairs, there are outdoor beer gardens. In 1992, Pete's Beach trucked in sand to give its on-site drinking establishment the seaside look. They also provided daily entertainment which included beach volleyball and aerobics instruction. Little did they know that they were contravening a regulation in Saskatchewan's Liquor Control Act.

An inspector with the Saskatchewan Liquor Licensing Commission was on duty and stumbled onto the aerobics class. It became a classic case of regulation overkill. After watching the show, the inspector concluded they were breaking parts of the Liquor Act which forbid the blatant display of sex with alcohol. The spandex costumes, the inspector concluded, were far too risque and ordered the garden to stop the show.

It was determined a short while later the beach volleyball was also against the regulations since somebody could get hurt after consuming too much alcohol.



Saskatchewan regulators once considered aerobic classes too risque for bars.

Buffalo Days immediately complied, and the aerobics class was moved away from under the Commission's jurisdiction to another part of the fairgrounds where liquor wasn't being served and the beach volleyball game area was cordoned off.

In the meantime, American talk show host Arsenio Hall happened to call the local daily newspaper to inquire about another ridiculous regulation that had been passed by the provincial government which forbade the use of any of their legislative debates for "light entertainment or satire." The librarian mistakenly thought they were calling about the spandex episode and filled in the blanks. The British and American tabloids got wind of the story and the rest is history. The Commission eventually pulled in its horns about spandex, admitting that things got a bit carried away and that the inspectors needed to use a little more common sense. ■

Agriculture: who pays for the regulation?

by Moira Wright

There are huge costs associated with government regulation of any activity, from the direct bill for regulating bureaucrats, to the higher prices that consumers end up paying for regulated and inefficient production.

Because Canada has massive government regulation of many agricultural products, consumers pay much more than we should for essential dairy products, eggs, and poultry. The Consumers' Association claims that Canadian prices are double the world average for milk, 20% higher for eggs, and up to 50% higher for poultry. The Quebec dairy industry alone squeezes about $250 million a year from federal taxpayers for "price supports."

The costs associated with these regulatory systems are enormous.

A 1990 report by the OECD estimated that the annual hidden tax paid by Canadian consumers for agricultural products was $3.5 billion.

The whole issue of agriculture regulation is a classic case of government run amuck. Not only are there federal and provincial agriculture departments, but there are also various "arms-length" agencies such as the Grain Transportation Agency and the Dairy Commission. There are supply management and marketing boards, federal and provincial farm lending agencies, and government-subsidized crop and farm income insurance programs.

In direct subsidies, the federal government spends about $2 billion through the agriculture department. Total direct spending by the provinces approaches another $2 billion.

Many of today's modern, competitive farmers no longer rely on all this out-dated regulation. In fact, the budgets for these initiatives are largely eaten up by the bureaucracy itself. In a typical year, the federal Department of Agriculture paid personnel costs of $600 million to deliver $1.25 billion in transfer payments. The remainder of expenditures were used up by overhead expenses. Salaries and overhead for other government-sanctioned regulations are also considerable.

In 1940, when there were about 600,000 farms in Canada and about 2,200 farm bureaucrats, each bureaucrat served about 270 farms. Today, it appears that we've been growing bureaucrats at the expense of farmers and taxpayers. Agriculture departments across Canada employ about 20,000 bureaucrats, and that is only the tip of the iceberg. If you account for the dozens of regulatory bodies that regulate farmers, the Dairy Commission to the Farm Credit Corporation at the federal level, to the dozens of provincial farm agencies, the list is endless.

There are now just over 100,000 commercially viable farms in Canada, while the number of bureaucrats funded by agriculture programs and government-sanctioned regulations exceeds 40,000. The fact is that there is now one "agricrat" for every two or three farms. In the end, we all pay the price for all this "regulation." But, can anyone honestly say farmers and consumers are better off for it?■

Regulations hurt Canadian businesses' competitiveness

The central theme of presentations made in Calgary, to a recent Senate Committee studying corporate governance, was that heavy-handed legislation hampers Canadian businesses.

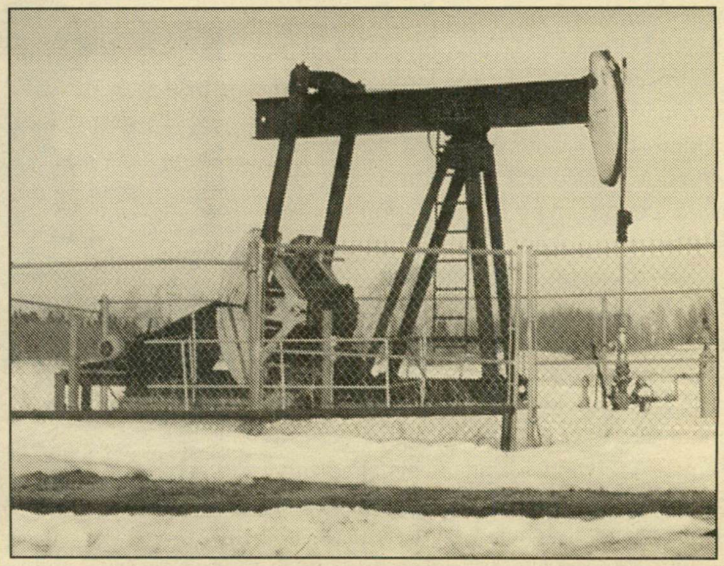
J.P Bryan, President and Chief Executive Officer of Gulf Canada, told the forum (which was intended to give corporate leaders and investors a say in how to amend the Canada Business Corporations Act) that Canadian companies won't be competitive globally if hampered by too much regulation. He added that the imposition of a lot of procedure and structure would only ensure the continued presence of mediocrity in companies in this country.

"We must compete globally. Our competition is all those companies in this world which are not strapped with a lot of regulation and a lot of burden," Bryan said. "We, in Canada, in the oil business, must be low-cost producers. We cannot go out and fight those battles if we are spending all our time locked in our own board rooms, dealing with procedures and processes which have nothing to do with the overall productivity or profitability of our company."

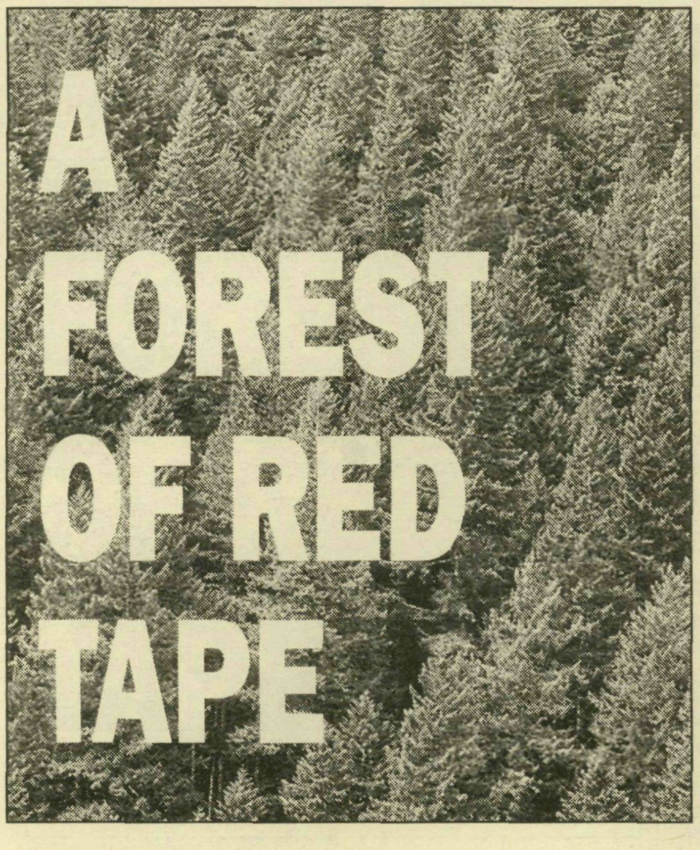
Other presentations reflected similar sentiments. John Howard, Senior Vice-President, Law and Corporate Affairs of MacMillan Bloedel Ltd., cautioned that corporations are being forced into a bureaucratic mode simply to comply with regulations. "We do this at enormous cost in terms of not only cash outlay, but also bureaucratic costs. ...The central problem is the diffusion of focus away from the activities of business to try to achieve public policy goals."

Dan Pekarsky, the President of Corporate Advisory Group, also mentioned that when designing regulations, government has to allow corporations a certain amount of leverage. "Government cannot try to legislate everything...Our governance systems certainly require adequate checks and clear accountability, but I believe that those needs can be addressed, and must be addressed, within a system flexible enough to respond to positive change without unnecessary and time consuming legislative rule-making."

The two days spent in Calgary marked the beginning of a cross-Canada hearing on changes to the Canada Business Corporations Act.■



Government over-regulation could hurt Canada's oil industry's ability to compete globally.



by Robert Pauliszyn

Add it to the list of forest industry regulations. Premier Glen Clark is considering implementing a requirement that companies granted timber licences in British Columbia must create new forestry jobs. The Premier suggests a target of 21,000 new jobs by the year 2000.

Given the outlook for the province's forest industry, one has to question the Premier's decision-making process. Even B.C. Forest Minister, David Zirnheld, is on record saying the Premier's target is "optimistic."

The problem is that the B.C. forest industry is already suffering a decline under massive new regulatory burdens placed on it over the last five years, and it's unlikely that more government mandated requirements will help turn the industry around.

Forestry is big business in British Columbia. It directly employs nearly 100,000 people, accounts for $17 billion in economic activity, and accounts for over 60 percent of the province's exports. Forestry is as important to B.C.'s economy as oil is to Alberta's and fish is to Newfoundland's.

In the past year, employment in the woods is down 19 percent, from 37,000 loggers to 30,000, with more losses to come. B.C.'s 14 publicly-traded forest companies posted a combined loss of $41 million over the first half of this year, and third quarter results show many are continuing to lose money despite one of the hottest lumber markets in recent history. These losses compare to combined profits of $485 million for the same period last year. New capital investments are on hold and some companies are rumoured to be disinvesting — selling some of their B.C. assets and moving to new jurisdictions.

Some have suggested that a recent fall in pulp and paper prices is to blame. Not so, according to industry analysts. The real culprit is the government - new regulations and fees have made B.C. timber among the most expensive to harvest in the world.

Since 1991, seventeen major land-use and forest policy initiatives have been introduced in British Columbia. New regulatory bodies or codes such as the Timber Supply Review, the Protected Areas Strategy, the Commission on Resources and the Environment, and the Forest Practices Code have fundamentally changed the nature and economics of forestry in B.C.

The first major consequence of these regulations has been a dramatic reduction in the province's annual allowable cut (AAC) — the amount of timber the industry can harvest each year. From 71.3 million cubic metres in 1994, it is estimated the AAC will fall by 17% over the next 5 to 10 years. This translates into a loss of 46,000 jobs (one-third forest sector employees, two-thirds spin-off jobs) and a 4.3 to 5.1 percent reduction in the size of B.C.'s economy.

Not only will there be fewer trees to cut, but those that are available have become far more expensive to harvest. Between 1992 and 1995, forestry taxes have increased dramatically. For example, stumpage and royalty charges increased from $9.81 per cubic metre to $27.05 per cubic metre for B.C. coastal timber.

And that's just the beginning.

A massive new regulatory burden topped off the tax increases with the implementation of the new Forest Practices Code in June 1995. The Code is a major re-write of regulations covering silviculture practices, visual impact of clear cuts, forestry road construction, soil conservation and forest fire protection.

Prior to its passage, the government estimated the cost of implementing the Forest Practices Code at $304 million to $486 million per year. However, more detailed studies are now putting the real cost to the forest industry at four times higher than government estimates — between $1.1 billion and $1.9 billion per year.

A recent University of B.C. study estimates the cost in lost provincial revenues and economic activity from the implementation of the Forest Practices Code at almost $570 per person. While politicians would face an immediate backlash if they raised taxes by this amount, it is easier for them to get away with regulatory changes because they are less visible. What should be visible, however, is the continued loss of jobs and economic decline suffered through over-regulation. Unfortunately, it seems that politicians and bureaucrats can't see the forest through the red tape.■

OUR APOLOGIES

Due to Saskatchewan Milk Board Regulations, we are unable to honour the Lucerne Partly Skimmed Chocolate Milk Coupon featured on Page 23 of our November Coupon Book. We will, however, substitute the Lucerne Chocolate Milk Coupon for another valuable offer — OVEN JOY BREAD (White, 60% Whole Wheat, or 100% Whole Wheat), 450 g, .49 each, limit of 4 — this coupon to be valid November 17-23, 1996 only.

We apologize for any inconvenience this may cause our valued customers.

SAFEWAY FOOD & DRUG

Canada Safeway recently had an encounter with Saskatchewan milk regulators. The chain ran a couple half page ads explaining that "due to the Saskatchewan Milk Board Regulations" Safeway was unable to honour the milk coupon found in their November coupon book offering a discounted price on milk. In other provinces such as, B.C., Alberta, Manitoba and Ontario, there is a maximum set on how much you can charge for milk, but no minimum. The problem was that the coupon book came from out-of-province and Safeway officials were unaware that Saskatchewan has a minimum price which, for the most part, effectively stops anyone from putting milk on sale. The regulation not only cost Safeway, but consumers lost a chance to save some money on milk.■

Misguided zeal:
Regulators at work

In a Fraser Institute study on regulations, Fazil Mihlar cites a story of misguided zeal concerning the City of Edmonton's regulators.

In an effort to improve the living conditions of the city's poor, City Hall came up with 40 pages of codes and regulations governing what it considered to be rooming houses, homes with more than three rental suites but less than six stories high. Aside from the usual safety standards, the city regulators mandated that all rooms must have a window to the outside. They must "face directly to the outside with an unobstructed light transmitting area of not less than five percent of the floor area." The only room exempted from this regulation would be the kitchen.

It almost goes without saying that a number of houses were affected. Since 1994, over 80 rooming houses have been inspected, 16 were closed down because they could not afford the repairs, 16 others made the required repairs at substantial costs, and the remaining 48 were considering their options. It appears the exercise has had the opposite effect as was intended; some of the city's poor have been forced onto the streets looking for new housing. Perhaps, living in the outdoors would meet the city's lighting standards.

According to Mihlar, it is these types of regulations that are actually creating much of our homeless populations. Requiring rooming houses to make these repairs reduces the number of available suites, and it drives up the costs for those who are left.

Mihlar states "not everyone wants or can afford the same level of housing. One of the reasons for the lack of shelter for low-income Canadians is the building and safety codes such as those in Edmonton. These regulations end up hurting the intended beneficiaries. Insisting on perfection will not help alleviate the society's housing problems."■

Exclusive

Federal Finance Minister Paul Martin answers taxpayer questions

Following is the transcript of an interview *The Taxpayer* conducted with federal Finance Minister Paul Martin. The CTF's Joy Schmit talked with Mr. Martin on Friday, November 29, 1996.

1. In a general sense what do you see ahead for Canadians in the coming budget?

It's obviously a little too soon to begin providing the details, but essentially, the budget will show that we will meet, or in all likelihood, that we will exceed our deficit targets for this year, and for next year, and it will show how we will achieve the new goal that we have set out, which is a deficit of $9 billion or 1% of Gross Domestic Product in 1998-99. And, at that point, we will have the best deficit-to-GDP record of any G-7 country. Three years ago when we took office, we had the second worst record after Italy, and in the space of one mandate we will have come to a point where we will have the best of any of them.

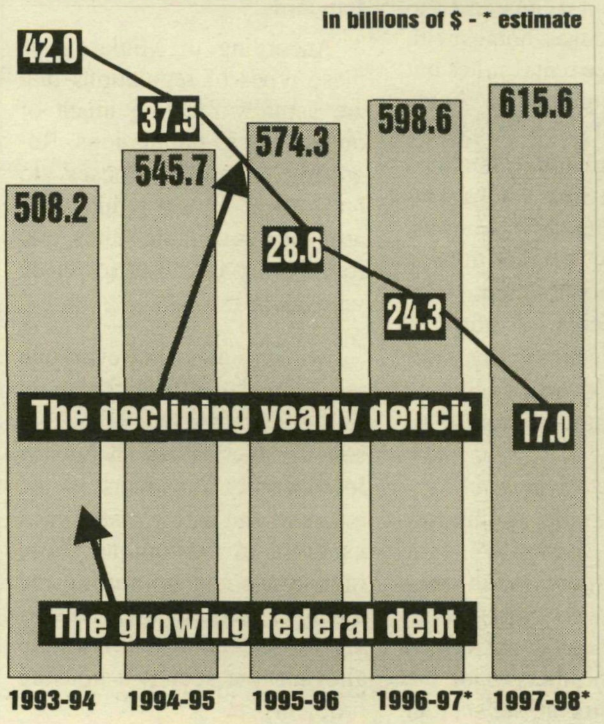
2. The deficit has been reduced, but a lot of it has been through the elimination or reduction of a number of tax credits or deductions. Wouldn't spending cuts be a better avenue to take rather than tax increases?

We did fill in a number of loopholes which essentially means that the tax system is more fair. But, overwhelmingly the vast reason for the increase in the government's revenues has occurred because of increased economic activity. In fact, between the dates we took office and 1998, we will have increased the government's revenues by about some $23 billion. $2 billion of that comes from filling in tax loopholes, about $600 million of that is increases in taxes like gasoline taxes, and the vast majority of the rest of it occurs because of increased economic activity, which is what you really want to have to have a strong country.

3. Numerous studies have shown that taxes kill jobs. Wouldn't tax relief do a lot to stimulate growth and employment in the economy?

If we were to cut taxes, without cutting spending further, then the deficit would rise, and interest rates would go up more. There is no doubt that you can put more money in people's pockets through interest rate decreases than you can through any kind of tax cuts and it would be very counter-productive to see interest rates rise in order to do that. On the other hand, somebody will say, "Well, why don't you cut your spending more?" Since we have taken office, we have cut our spending more than any other G-7 country has cut its spending. When we took office, total government spending was approximately $120 billion. That $120 billion dropped down to $112 billion in 1995-96 and it's going to go down by another $3 billion this year. You can't cut more than that without really putting things like health care and old age pensions in jeopardy.

Paul Martin's debt & deficit record



4. That's not total federal spending because it ignores the interest payments, and total federal spending has increased by almost $1 billion from $158 billion...

The fact is that we've actually cut the interest payments, because interest payments have gone down. Our total spending has gone up by about $1 billion. That includes those interest payments, and that's simply because of compound interest, and that is not something you can renege on. You have to make your interest payments, so the only numbers you can really look at are in fact program spending. And the program spending will have gone down. In fact we projected that program spending will have gone down from $120 billion to eventually it will be at $105 billion. That's what we control. And, don't forget that in those numbers are certain things like old age pensions which in fact have increased. In fact, the cutting of program spending has even been more dramatic, but some things like old age pensions, because we've got an aging population, are in fact going up.

5. We've seen two parties at the federal level trying to entice voters with promises of tax cuts. And, you yourself have even suggested that some selective cuts might be possible. But, what about a broad-based cut? Wouldn't that be fairer to Canadians and again a better strategy to spur economic growth than selective cuts?

No tax cut could be the equivalent of the interest rate decrease that we've had. Anybody who talks about a tax cut, without corresponding spending cuts is simply being irresponsible, because they will drive interest rates through the roof. Let me give you an example. If you buy a $15,000 car this year, that car, because of the interest rate cuts that we've been able to see occur, that car will cost you $500 less. Now, that's more money in your pockets, that's the equivalent of a tax cut. Now, for somebody to come along and say that a further cut is going to spur economic activity, I simply don't believe it. Because what's really happening is that there are such high levels of household debt, that what people are doing with the extra money that they are getting, the $500 I just talked to you on a new car, is in fact, they are simply reducing their household debt. The second thing goes back to again what I told you before. Anybody who talks about a tax cut has got to have the courage to say where they would cut further in spending. Now, the Reform Party, they've set out where they would see the cuts occur. And, one of their first cuts, you know, is a $4-billion cut in the Canadian Health and Social Transfer. They say they will put it back in four years, but for the next four years health care spending is going to go down as a result of that. And, I don't think we can afford that in this country any more. We've got to maintain our health care spending. And the Conservatives haven't even had the courage to say where they would cut spending.

Finance Minister Paul Martin considers drops in interest rates to be the equivalent of a tax cut. Does this mean, if interest rates go up next year we should consider it a tax increase?

6. One of your major campaign planks in the 1993 election was the promise to eliminate the GST. Obviously we haven't seen it. We've just seen a harmonization of the Maritime's PST with the GST. We've got the rest of Canada subsidizing the Maritime harmonization plan, so, you haven't met the campaign commitment.

This is not the rest of Canada subsidizing Atlantic Canada. Now, this is a country of regions. And, since Confederation, when any one region of the country has gone through major structural change, the other regions have stepped in to help it. As the rest of the country provided Ontario with further stabilization payments, close to $2 billion in the early part of the 90s. We did the same thing with the western grain payments to Saskatchewan, and we did the same thing with stabilization payments to Alberta. So to single out this payment to Atlantic Canada and to say that the rest of the country is subsidizing Atlantic Canada, is to simply to ignore history when other parts of the country receive money.

7. When do you anticipate full harmonization with the other provinces to occur?

That's really up to the other provinces. We've set in place the process, and it's up to the other provinces to decide if and when they want to join in.

8. If they do decide to come on board, there are going to be a couple of areas, such as Alberta and Ontario, that are going to be hit with inevitable sales tax increases through harmonization.

Quite the opposite. There would be no change in Alberta at all, if Alberta decided to join in. Unless Alberta decided that it was going to bring in a provincial sales tax of its own and then harmonize. And if they did that, they could probably cut their personal tax rates in half. The fact is you don't have to have a common rate. Alberta could harmonize tomorrow and there would be absolutely no change in the sales tax rate in Alberta at all. If Ontario decided to harmonize, probably all of the goods that are currently taxed by the GST would go down by 1%.

Continued on following page

9. One of our major policy priorities at the CTF has been the passage of taxpayer protection legislation. We've seen it introduced at a provincial level, forcing governments to balance their budgets by law, and provide for referendums on tax increases. Is there any potential for taxpayer protection legislation at a federal level?

When we took office, the previous government had put in spending control legislation, and it just doesn't work. Because, virtually every single time you've ever seen it happen, there are such loopholes in it, that it ends up being meaningless when a government gets under pressure. The single best way of ensuring taxpayer protection, is to force a government to publicly state its targets. And, that's what we have done.

Paul Martin in front of the CTF's debt clock. With over $40 billion in interest payments, it's time to start paying down the federal debt.

10. But we have seen successful taxpayer protection legislation at a provincial level... Manitoba, Saskatchewan.

But you've never seen it under pressure. Every country where that kind of legislation has been under pressure, the governments have found loopholes and ways of getting around it. There are two countries that have been able to have dramatic turnarounds in their deficits - Canada and New Zealand. And, I've talked to the New Zealand government and they agree with me, that by far the most effective way is not to engage in some s ort of bookkeeping exercise, which is what most taxpayer legislation is, which subsequent governments will try to get around. But, what it is, is to have publicly stated targets and keep governments under pressure that way.

11. It is rumoured that CPP premiums could be rising from 5.6% to 10% of earnings. This would mean a $9.8-billion tax hike almost overnight, which amounts to $722 per taxpayer and employer. Are you prepared to raise payroll taxes by this amount?

There has to be reform of the Canada Pension Plan. And it wouldn't happen overnight. Premiums would go up over the course of the next eight years. But the Chief Actuary has said that if we don't act, the rates will go up to 14%.

12. Are you prepared to look at something like converting it to a mandatory retirement savings plan?

If that were to occur, what you'd see is that the current generation of contributors would have to pay twice. Once to maintain the current plan, because there are a lot of people drawing on the current plan, plus the establishment of a new plan. And, I think that would be grossly unfair, because you'd be asking the current generation of contributors to double the size of their contributions and they would be getting no benefit from the current plan. That would be crazy.

13. You are looking at an election fairly soon, are you quite happy with the fiscal record of your government? Are you prepared to present it to the voters and say "Elect us on this, and on our future plans," or how do you feel about some of the commitments you have had to walk away from, such as your GST...?

Well, we set up the House of Commons Committee. The Committee went across this country, spent 2 1/2 years worth of hearings, looked at 20 different options, and the net result is the House of Commons Committee, including the Reform Party, recommended the harmonized tax. They said "Don't change it, just give us a single tax." And, that's by far the most efficient, and the best way to lower the costs, and the least amount of trauma. And that's what we have done.

Now, on your basic question, are we happy? I go back to it. Three years ago, the only question in Canada was "When are we going to hit the wall, and how much are our taxes going to go up?" Today, we have accomplished the most significant financial turnaround of any major industrial country, and the question now about taxes is "When and by how much can you reduce them?" That is a pretty impressive turnaround.■

The following article by Ron Corbett was reprinted from the *Ottawa Sun*. Mr. Corbett wrote this article in response to the CTF's newsrelease sent out concerning the list of business subsidies found in the last issue of *The Taxpayer*.

Feds make offer you can't refuse

Tax dollars support pawnshops

By Ron Corbett

The fax, when it came two weeks ago, seemed straightforward enough. It was from the Canadian Taxpayers' Federation and was a partial list of tax money the federal government had handed out in the form of business grants during 1994-1995.

Under the auspices of Industry Canada, my tax dollars had funded everything from Mary Kay dealerships in Ontario to musical bands in New Brunswick, pawnshops in Saskatchewan and gold mines in Manitoba.

The day after receiving the fax I received a paycheque. I stared at the column marked federal taxes for a long time, wondering what percentage of that figure had gone to cosmetics. In the end I decided to make some phone calls. After all I had invested in these businesses. I needed to find out how we were doing.

I started with my gold mine.

"Hello?"

"Yes, is this Albert Fontaine?"

"No, it's Arthur Fontaine."

"Oh, well I wonder if you can help me." I identify myself, explain I'm looking for Albert Fontaine of Bird River, Man.—perhaps a relative?—I need to talk to him about his gold-mining claim.

"Why?"

"Well, I chipped in part of the $4,500 to stake it out. I just want to find out how we're doing."

"I don't know any Albert Fontaine."

"Most of the claims are filed by people down in Winnipeg anyway. They just use Bird River as a mailing address."

I hang up. I have to assume my gold mine is not doing well. I decide to check next on my pawnshop in Debden, Sask. I chipped in $24,000 for this. I must have been pretty confident of success.

Work the phones for an hour, eventually phone the town clerk in Debden.

"Hello?"

"Yes, I wonder if you can help me. I'm trying to track down a pawnshop in Debden. I don't know the name of it, but I've already spoken to the only two I can find and it's not those. Is there another pawnshop in town?"

"There was. It just closed."

With much chagrin, I hang up the phone. How could I have been so stupid? A saturated market and I had to jump in with both feet.

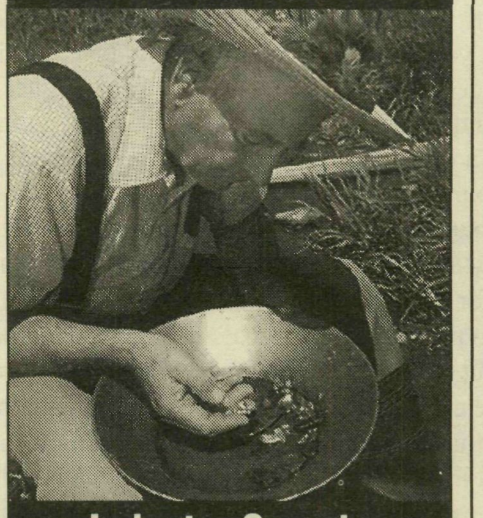
Over the next few days I try to reach Brian Francis, of Wickham, N.B., but no one had ever heard of him, or his musical band (which I took as a bad sign). there was also no listing for Robert Bone of Sioux Valley, Man., whose tractor I had helped repair.

Katherine St. Amant of Midland did indeed turn out to be a Mary Kay dealer—I confirmed this after phoning Mary Kay head office in Toronto—but I was never able to contact her.

"We don't give out our dealers' phone numbers," a woman in the Mary Kay public relations department told me.

"Mary Kay dealers have unlisted phone numbers?" I asked in disbelief. "I thought they normally sky-wrote that sort of thing."

Prospecting for gold at



Industry Canada

She didn't laugh. Promised to get back to me. Never did.

So there I was, nearly two weeks spent checking the family businesses, and I had no idea how I was doing. I decided to make one more call.

"Hello."

"Yes, would Ron Bergen be in please?"

"Speaking."

"Mr. Bergen, it's Ron Corbett phoning from the *Ottawa Sun*. Do you have a couple of minutes, sir?"

Bergen says he does and I quickly explain the reason for my call.

I helped chip in the $30,142 he used to purchase a 50% interest in a trophy shop in Prince Albert, Sask. Just phoning to see how we're doing.

"Oh, I sold that shop last year."

"You did?"

"Yeah, it wasn't working out."

"How long after receiving the grant money did you sell?"

"Six months, seven months. I'm not really sure. Say, are you phoning to find out about that grant program?"

"Sort of."

"Well, it's a great program. You should tell people that."■

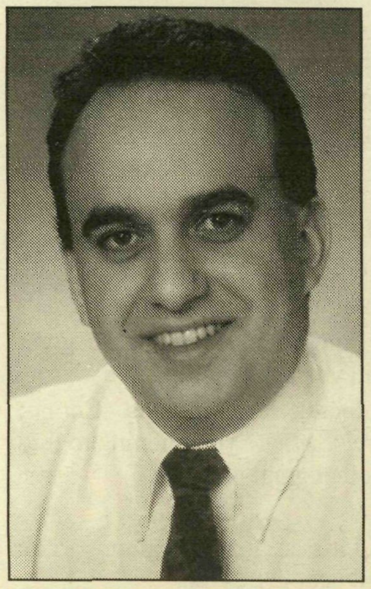
No Fault Makes No Sense

by Troy Lanigan

What is "no-fault" auto insurance and what will it mean to consumers and taxpayers if Premier Clark and his government impose such a system on B.C. motorists?

Under a no-fault system, government "adjudicators" determine awards for individuals injured in auto accidents. Innocent victims and at-fault drivers are prescribed the same compensation levels. It would mirror the workers' compensation system: one-size fits all. In effect, ICBC would become adjudicator, doctor, physiotherapist, chiropractor, lawyer, judge and jury. If you don't like it, too bad: a pure no-fault system would remove your right to appeal any decision to the courts.

This is how costs are reduced in the short term: arbitrary reduction in benefit levels, near elimination of court costs and the suffocation of lawyers.


Troy Lanigan

Undoubtedly, the imposition of no fault would allow Premier Clark to keep his campaign promise to freeze ICBC rates over the next two years. When Ontario moved to a no-fault system in 1990 they were able to reduce benefit payouts by 48% over three years and keep rates unchanged.

Or did they?

If a motorist pays the same premium for half the coverage, the rate has effectively doubled. It's like paying for a loaf of bread and receiving only half the loaf.

But of greater significance is the evidence that costs and premium containment is short lived. By 1994, premiums were up 11.8% in Ontario and a further 9.5% in 1995. The Province gutted no fault in 1996. In 1994, politicians in Manitoba promised no fault would result in savings of $50 million. This year, premiums were up 6.1% in Manitoba. Research suggests three main causes for rate increases: some no-fault jurisdictions, including Quebec, have evidenced an increase in accidents; individuals causing accidents receive higher benefits; and finally, no fault fuels more government bureaucracy. Unlike the current system whereby a file closes once a settlement is reached, files that monitor and maintain prescribed benefits under a no-fault system often take a lifetime before they're closed. Insurance premiums previously dedicated to build reserves and provide benefits to injured parties would increasingly fund a WCB-style bureaucracy that takes on a life of its own.

But the political imperative to move to a no-fault system in British Columbia has nothing to do with long term implications. The thinking is short term: keep ICBC rates frozen to 1998 and access the Crown's sizable assets and reserves. If the government's taxpayer-funded propaganda arm can convince enough motorists of savings that would result from a switch to no fault, it's a safe bet that the government would help itself to some of the $3.4-billion in reserves that ICBC currently holds to underwrite outstanding accident claims. Why would the NDP treat motorists in B.C. with any less contempt than they have the stakeholders of Forest Renewal Funds?

Expect the government to announce a committee that will invite public consultation surrounding a review of public auto insurance. But appearances aside, the decision has likely already been made. Legislation has been drafted and ICBC "claims adjusters" are now in training to become "adjudicators."

For taxpayers and consumers, no fault makes no sense. But then neither does a lot of the current system. As long as auto insurance remains a government-run monopoly, it will remain a plaything for politicians: freeze rates one year, slash benefits the next, raid reserve funds the year after and so on. Auto insurance should be privatized and opened to competition. Consumers might actually have ... dare I say it ... choices. And taxpayers might see their dollars go to pursuits other than phony public consultations and the creation of massive new bureaucracies that the government should never have been involved with in the first place.■

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THE LAST SPIKE

Federal Transport Minister, David Anderson, has a decision to make.

At issue is Via Rail's intention to double passenger capacity on the Jasper to Vancouver portion of its transcontinental route, which runs between Toronto and Vancouver. Minister Anderson has put on the brakes ... for now.

In 1990, Via Rail sought a private-sector buyer for its money-losing Rocky Mountaineer — a Rockies-in-the-daylight service between Jasper and Vancouver aimed at the tourist market. A group of British Columbia and Alberta entrepreneurs purchased the rights and began an uphill challenge. After four years of losses, the Great Canadian Railtour Company (GCRC) would begin to turn the corner. By 1994, an independent review reported the company impacted on the employment of 500 people, paid $6 million in taxes, and generated $7 million in tourist dollars. Total economic impact of the company was almost $24 million.

How?

Risk, innovation, hard work and a determination to fulfill the dream of profitable passenger rail service in Canada. This year the Rocky Mountaineer will carry 43,000 passengers — up 514% from the 7,200 passengers GCRC carried in its first year of operation.

But this privatization success story and the prospect for others like it may be pushed off the rails if David Anderson allows the heavily subsidized Via Rail to re-establish a Rockies-in-the-daylight tourist service after having sold the rights in 1990.

You can imagine what Via might call the new service. How about the *Red Ink Express?* Promotional material could have a picture of an engineer shovelling tax dollars into the fire box of a steam engine.

When Via Rail's former president stated in 1989 that none of Via's services has any prospect of covering all its costs over the next twenty years, he wasn't kidding. Established as a Crown corporation for passenger rail service in 1978, Via Rail has absorbed seven billion tax dollars to date. Last year, taxpayers subsidized the Crown to the tune of nearly three-quarters-of-a-million dollars a day! Its most recent corporate plan shows it will rob the federal treasury of another billion dollars over the next four years.

A company as capable and successful as GCRC isn't afraid of competition. At issue is the kind of competition. Via's transcontinental line, on which GCRC is expected to "compete," already subsidizes every passenger to the tune of $318. Who would invest in a company whose primary competition is a Crown corporation in which risk and profit are of no consequence?

A decision favourable to Via's expansion plans would send a chill through the private investment community and make future federal government privatization initiatives less credible. Already, investor chill has put a $13-million GCRC expansion plan at risk.

But there's another chill that should also weigh in on Mr. Anderson's decision. The chill taxpayers feel every time a Via train pulls out of a station. It's the height of absurdity that the federal government continues to subsidize passenger rail travel at a time when the country is buried in debt and high taxes.

Forget the Vancouver-Jasper decision, Mr. Anderson. Put Via Rail on the selling block — a 90s' version of the last spike that is long overdue.■

Instead of having the government-owned and subsidized VIA Rail directly compete with a profitable taxpaying businesses, privatize it and allow for real competition.

TAX HITS

It just keeps growing and growing and....

The NDP is again playing games with government employee numbers. In March 1996, the government announced they were eliminating 2,200 government positions (full-time equivalents or FTEs) out of a total government workforce of 39,976. Did we get a smaller public service? No. Government documents released in October 1996, reveal FTEs have ballooned to 41,507. Despite the alleged cuts, the workforce grew by 1,531 FTEs! This fuels speculation that the recent announcement of 3,500 FTE cuts is more of an exercise in public relations than a serious attempt to reduce the size of government.

Deficit deception

An interesting and timely case has surfaced in the United States in which Maricopa County, Arizona, recently settled with the Federal Securities Commission on charges of violating anti-fraud provisions of U.S. securities law. When the County issued securities in July 1993, their "official statements" — the primary disclosure documents for bond offerings — failed to disclose the County had developed a deficit in 1992/93. The bonds were specifically sold to finance County capital projects when, in fact, the County intentionally used the proceeds to finance its deficit. While the settlement spared County officials jail terms or large fines, it did force the County to make a clear statement that proper guidelines would be followed in the future. I guess B.C. isn't the only place where politicians get caught lying about the bottom line.

Mother Goose accounting

"We have serious reservations as to how the financial numbers are actually turning out," said a financial analyst with the Toronto-based Canadian Bond Rating Service as quoted in a recent *Vancouver Sun* article. The analyst was referring to the bond rating agency's recent decision to downgrade British Columbia's long range financial outlook, citing the government's inability to meet its budget targets. B.C.'s financial outlook went from stable to negative —effectively putting the province on a credit watch and warning investors to exercise caution before investing in the province. The downgrade simply confirms what most British Columbians already believe: that when it comes to budget targets, the NDP can spin a better yarn than Mother Goose.■

CTF-BC IN ACTION

Presentations:

◆CTF-BC representatives made their annual pre-budget presentation in Victoria to Ministry of Finance and Treasury Board officials on Dec. 10, 1996.

In the Media:

◆The CTF-BC did several media interviews regarding alleged *Election Act* violations for running ads promoting balanced budget legislation and voter approval for tax increases during the May provincial election campaign. Media coverage included spots on BCTV, CHEK-TV and an appearance on Rafe Mair's province-wide radio show on October 11, 1996.

◆The CTF-BC issued a statement in October opposing the heavily subsidized Via Rail's efforts to expand services and compete directly with a private rail tour operator between Vancouver and Jasper. The CTF-BC was quoted in the *Vancouver Sun*, *Kamloops Daily News* and on several radio stations.

◆The CTF-BC did several interviews regarding Premier Clark's address to the province in October including UTV, CKNW Radio, *The Province* and *Toronto Star* newspapers.

◆A CTF-BC press release on the spending cuts announced by Finance Minister Petter generated interviews with *Sterling News, Broadcast News, B.C. Report Magazine* and *CHEK-TV*.

◆The CTF-BC issued a news release on November 21, 1996, announcing its opposition to no-fault auto insurance.

Speaking Engagements:

◆CTF-BC Executive Director Troy Lanigan spoke to a town hall meeting in Chilliwack on November 12, 1996, and again in Chilliwack to the Rotary Club on December 6, 1996.■

The "unfinished business" of health care reform:

Santa Klein hands out $425 million in health care presents

by James Forrest

The November 25th announcement of a $425-million increase in health care spending between 1996-97 and 1999-2000 smacks of electioneering, increases future Albertans' taxes, and displays a lack of commitment to substantially restructure the health care system as promised.

Lucky resource revenues and lucky interest rates have given the Klein government an opportunity to save our children even more by paying our bills faster - Albertans' top priority. Instead, three years from now (1999-2000) Alberta will be spending almost the same amount on health care ($4.09 billion) as we did before the "renovations" started in 1992-93 ($4.13 billion). With demographic trends exerting more and more pressure on health costs, and Alberta still heavily indebted, now is the time to radically change public-sector health delivery and put it on a sustainable, affordable basis for the future.

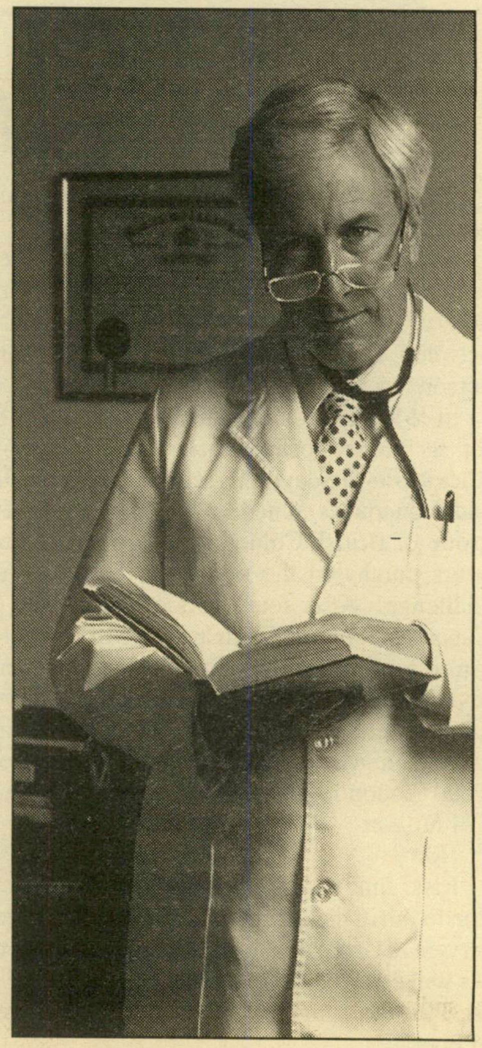
How has the system changed? Apart from shifting the focus from expensive institutional care (hospitals) to less expensive community care (which many argue simply shifts the expense), the bulk of health care "restructuring" has been cosmetic: shutting down hospitals and beds, laying off staff now being re-hired, cutting wage costs and amalgamating most of the 200 various boards into 17 Regional Health Authorities (RHAs). The government's other core principle, moving from a treatment orientation to a prevention one is certainly laudable, but seems obscure. The transition must involve changing Albertans' attitudes, yet the most obvious tool for doing so, including health care in education's core curriculum, has never been mentioned.

Administrations did the cutting, simply withdrawing resources from the existing structure. Health-care providers were largely shut out, prompting a confrontational atmosphere rather than a cooperative one. The various groups ended up fighting changes rather than contributing positively. As well, the reductions were implemented without an adequate information system in place measuring costs and results. Without it, how could anyone know then what level of funding was adequate, and how can anyone know now whether more money is necessary?

The government appears to have recognized these mistakes. An ongoing administrative review process will be established, with health care providers front and centre. The information system so desperately needed is being developed, and a population-based funding formula for RHAs has been introduced.

Even so, the cash infusion will reduce the motivation for RHAs to look for cost-savings, like contracting out non-medical aspects of health delivery and fully amalgamating Catholic health boards into RHAs. Above all, few mechanisms have been implemented to reward providers for delivering quality health services at the lowest cost.

When it comes to health care reform, the bottom line is that the Klein government has failed to change the nature of the system, failed to implement competitive incentives for efficiency, and failed to communicate a measurable, concrete plan to Albertans and health care providers. ■

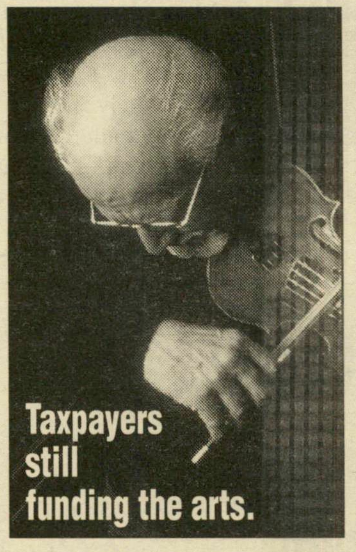


Great revenue news tainted by fraying purse strings

by James Forrest

Alberta's 1996-97 Second Quarter Budget Update reveals the government is faltering in its resolve to reduce future Albertans' taxes by paying down debt as fast as possible and is pulling a fast one over its own balanced-budget legislation while ignoring taxpayers' wishes.

Albertans should applaud the Klein government's projected $1.7-billion 1996-97 net debt paydown, permitted by windfall resource and income tax revenues. But Albertans should also be concerned about the increases in program spending being built into the budget. Future Albertans, who don't get a vote, are being shafted because this government is elevating spending, and because this government isn't doing all it can, as fast as it can, to reduce the bills we're leaving them.



Taxpayers still funding the arts.

While only the $86 million being saved in debt servicing costs and the original $23 million budgeted surplus are technically available for "reinvestment," program spending has jumped $193 million for 1996-97. Treasurer Dinning is playing loosy-goosy with the Deficit Elimination Act, which legislates that any revenue realized above budgeted revenue must go to net debt reduction. Dinning claims that there are usually "lapses" of $70 to $100 million in overall program spending before the end of the year, and that this means spending will actually be less than projected. Nevertheless, it seems that cracks are appearing in the brick wall Mr. Dinning has heralded as being built around Alberta's budget.

If high priority areas truly demonstrate a measurable need for more money, it should be found within the budget, re-allocated from lower priority areas, and not grabbed from cash legislated to belong to our kids via debt reduction. The Province's dramatic revenue increase appears to have relieved the pressure to find cost savings, and increased the pressure to give in to the vast array of interest groups. Taxpayers are still spending money on arts and multicultural grants, "economic development" agencies and initiatives, a fleet of fancy cars, empty plane flights, too many administrators, too many MLAs, and too many cabinet ministers. Contracting-out the operations and maintenance of hospitals, schools and post-secondary institutions could save yet more tax dollars. The biggest cut of all, of course, could come from shrinking the fourth largest, and infinitely most wasteful "department," - debt servicing costs ($1.3 billion).

That's what Albertans recommended in last spring's Straight Talk, Clear Choices questionnaire. Whereas, only 20% of respondents suggested any available "reinvestment cash" should go to targeted spending, 35% stated that debt reduction was their choice and 30% opted for a combination of debt reduction, tax cuts and targeted spending. However, the Tories have decided they know better, and are planning to spend most of the "reinvestment cash" - and some of the surplus cash - on programs.

Albertans have been down this slippery slope before. Three years of expenditure reductions resulted from the build up of debt accumulated after oil prices crashed in the mid-80s and successive Tory governments refused to bite the bullet and curb spending. Is the Klein government refuelling people's expectations because of this spike in oil prices?

It is a slippery slope. With Alberta's traditionally volatile revenues, the added threat of spending fluctuating as changes in interest rates cause changes in debt servicing costs, a still-massive debt, a near insolvent federal government, and a commitment to turn off the Heritage Fund income tap by 2006, it would seem imprudent to venture near the edge. ■

Consolidated fiscal summary - 1996-97

(millions of dollars)	Budget	2nd quarter forecast	Change from budget
Revenue			
Forecast	14,229	15,448	1,219
Cushions	(545)	-	545
Budgeted revenue	13,684	15,448	1,764
Expense			
Program	12,277	12,470	193
Debt servicing costs	1,401	1,315	(86)
Total expense	13,678	13,785	107
Net revenue	6	1,663	1,657
Net decrease in capital assets affecting operations[1]	17	38	21
Consolidated surplus	23	1,701	1,678
Net debt subject to Balanced Budget and Debt Retirement Act[2]	5,950	4,522	1,428

1. Converts operating expense to a pay-as-you-go basis for capital for the purposes of the consolidated surplus. 2. Net debt reduction assumed from revenue cushions was $250 million in the budget and $350 million in the First Quarter Update.

Soaring government revenues raise the question

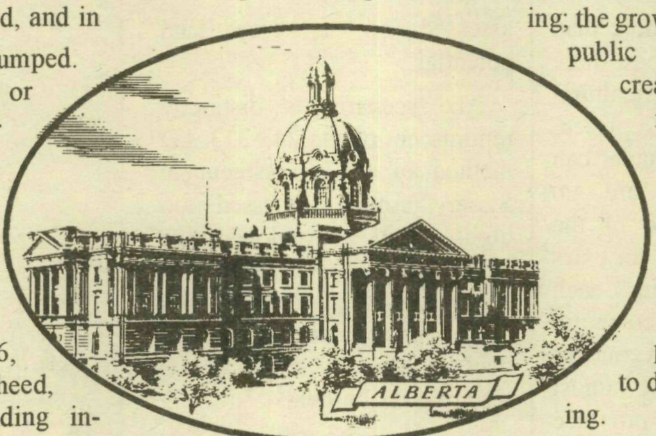
Have we learned our history lesson?

by James Forrest

With a third straight surplus headed Alberta's way, some are questioning the merits of the government's expenditure reductions over the last three years.

However, a look at the fiscal history of the Alberta government displays not only the rationale, but supports continued spending restraint. The accompanying graph depicts total and resource revenues, total spending and the government's annual surplus/deficit position on an inflation adjusted (1986 $s), per capita basis.

Between 1964-65 and 1995-96, there have been six separate periods during which the Alberta government ran deficits. In four of these, the initial deficit was preceded by a large growth in overall revenues followed by a sudden drop in revenues and an increase in spending. The revenue spikes were largely fuelled by healthy resource revenues. Whenever resource revenues grew rapidly, overall revenues also expanded, and in turn, spending levels jumped. When revenues fell, or when expenditure increases were too rapid, a deficit occurred. Naturally, spending rarely fell after being increased. Between 1970-71 and 1985-86, under Premier Lougheed, real per capita spending increased nearly 200%.

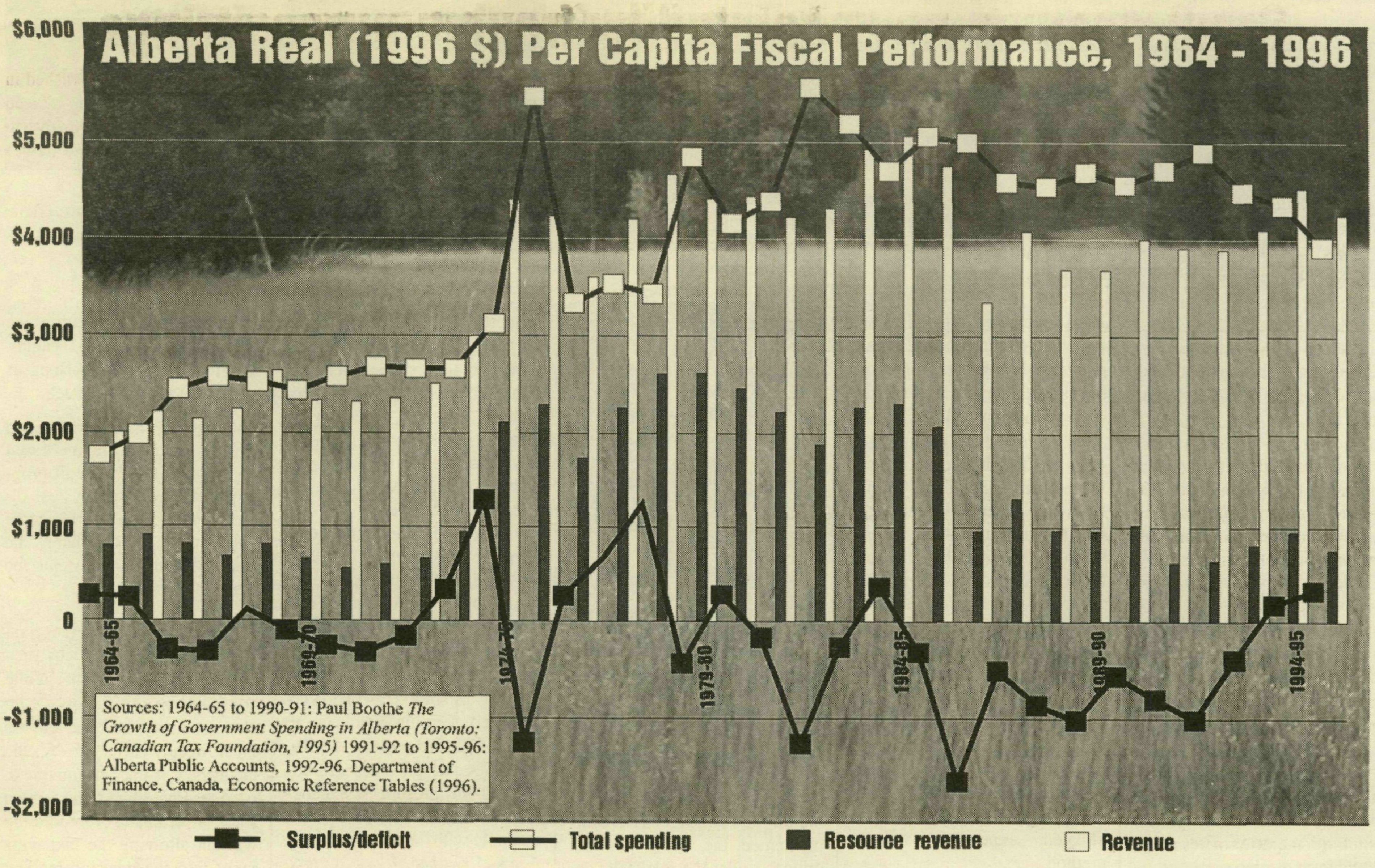


The pronounced drop in resource revenues beginning in 1985-86, from an average of $4.8 billion (1981-86) to $2.3 billion (1988-93), led to nine straight annual deficits totalling $19.5 billion even while the government tapped into (and thus devalued) the Heritage Fund. While real, per capita program spending actually declined after 1985-86, total spending only levelled off, as interest payments began to eat up more and more cash. It was politically difficult to cut program spending sufficiently: many people's expectations about the level and expanse of government services were high while their comprehension of the dire financial position was, at that point, low (for some, expectations remain high and understanding low!); the build up in infrastructure (hospitals, roads, schools) committed the government to ongoing operational and maintenance funding; the growth of the influential public sector bureaucracy created perverse spending incentives; and borrowing from future Albertans was easy. All these factors contributed to a lack of will on the part of government to deal with overspending.

Every year of overspending led to more debt, higher interest costs, and the need for ever more drastic and painful spending cuts. Albertans recognized this when over 80% of voters in 1993 cast ballots for expenditure reductions as a means to eliminate the deficit. The government's record of waste, inefficiency, business boondoggles, and overextending its role spoke volumes; job-killing tax hikes were not the answer.

It's amazing that some say the reductions weren't necessary, now that surpluses are piling up. How soon they forget. Alberta has once again been lucky on the revenue side, with oil prices soaring up to $25 a barrel, and averaging over $22 a barrel this fiscal year. No one could have predicted that with certainty back in 1993, and it should be obvious that the government simply cannot afford to budget based on optimistic projections.

It should also be clear that the Alberta government must continue to hold spending in check. History clearly shows that the good times can end suddenly. Furthermore, $4 billion in surpluses pales in comparison to Alberta's $32 billion in gross liabilities, $22 billion of which require interest payments. Until that debt is paid off, there is no extra cash or "surplus."■



Sources: 1964-65 to 1990-91: Paul Boothe *The Growth of Government Spending in Alberta (Toronto: Canadian Tax Foundation, 1995)* 1991-92 to 1995-96: Alberta Public Accounts, 1992-96. Department of Finance, Canada, Economic Reference Tables (1996).

Property tax reassessment will hit rural Saskatchewan

by Joy Schmit

The change in the property tax assessment will simply shift the burden from one group of property owners to another.

As a result, the new assessment system is one more nail in the coffin for rural Saskatchewan.

Although the numbers won't be official until January when the new tax assessment notices are sent out, there is some concern that farmers could be looking at tax bills up to $100 higher for each quarter section of land they own.

Agricultural producers are the drivers of the economic engine of this province. But they have also been extremely hard hit financially during the past decade.

In fact, Statistics Canada numbers recently released show that for every $1 worth of grain sold at the elevator, the farmer himself pockets less than a dime. Current profit margins are now at 9 percent, down from 37 percent in the mid-seventies.

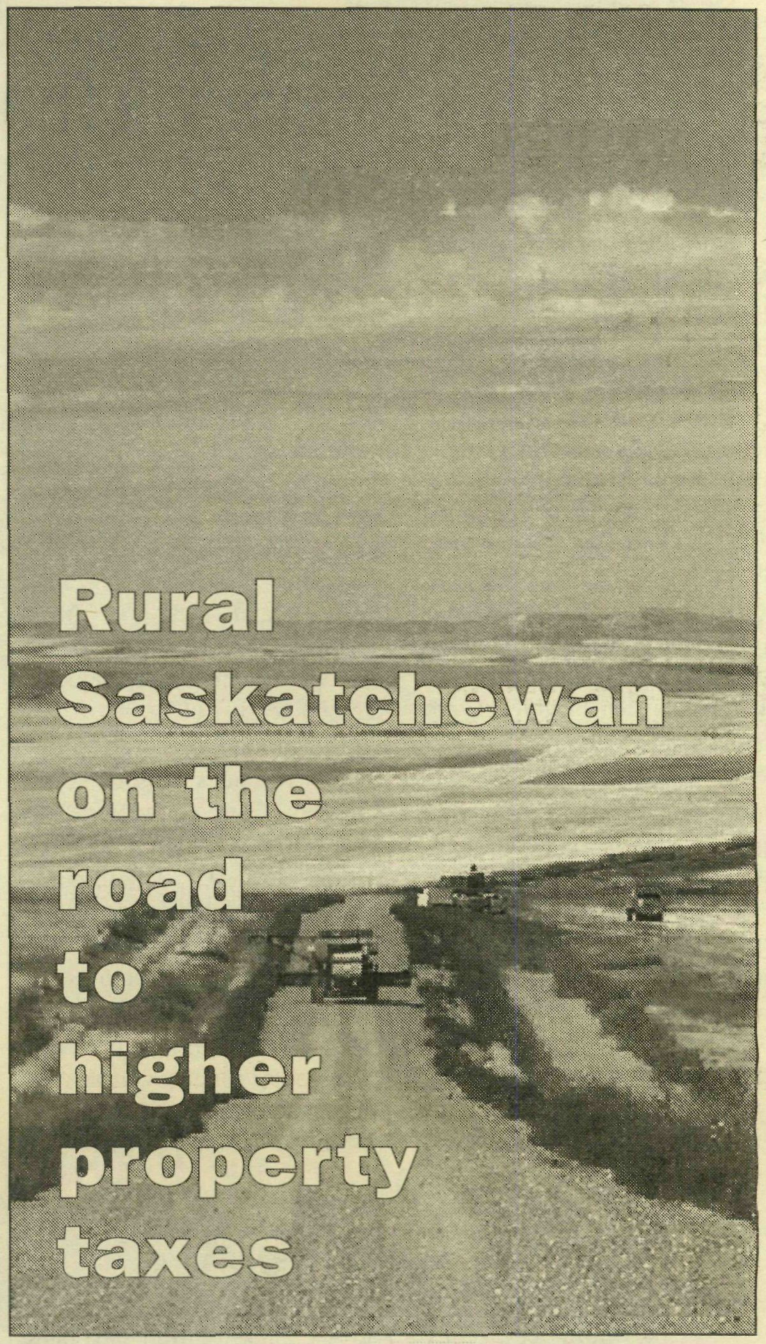
Rising input costs have been the major culprits. Fertilizer costs have escalated more than 50 percent in just the past three years. Aging agricultural implements have to be replaced, yet at a price few farmers can afford. Fuel prices are up dramatically. The end of the Crow Rate will mean an extra few thousand dollars each farmer will have to come up with. An April 1996 government survey confirmed that almost half the farmers in the province feel rising input costs are the most important issue.

Of course, taxes must also be factored into the cost of doing business. And property taxes are a fixed cost, paid regardless of the level of income received. The tax man doesn't care whether the property is profitable or not - he just wants his cheque at year end. The taxman's greed is so strong that the new 1997 assessment model will force farmers to pay based on their land's potential productivity even if it is not fully productive. Therefore, if a farmer chooses to seed land to pasture, the land will still be assessed on its crop land potential.

The scenario is distinctly reminiscent of the 243-313 AD method of tax assessment in Syria. Farmers, assessed too high, simply abandoned the land, and by the fourth century, tax assessors were forcing neighbouring farmers to take over any abandoned land and its resulting tax burden.

To put it into a 21st Century context, making the already beleaguered farming economy less sustainable will encourage a trend towards people quitting farming. With fewer people in the rural areas, it will mean a continued deterioration of the rural economy.

Many taxpayers in rural Saskatchewan feel that their government is out-of-touch with them. By implementing a tax assessment model that shifts the financial obligations onto those already facing a myriad of financial challenges, they have shown exactly how far out of touch they really are.■



No other options?

by V. Joy Schmit

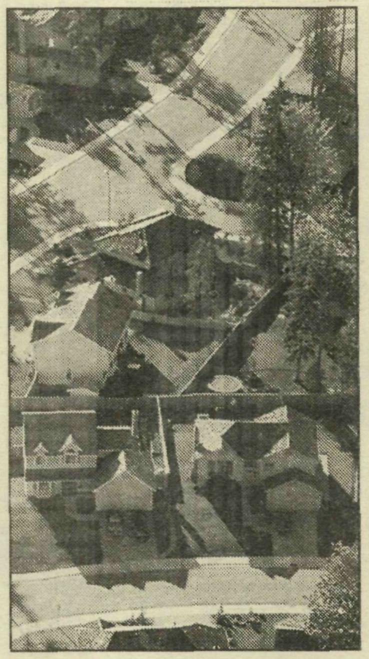
Either. Or. It's an increasingly dictatorial style of governing we see coming out of Regina these days.

Recently, when Saskatchewan residents tried to mount a campaign to fix our highways, Premier Romanow gave a flat-out choice - highways or health care.

Then, with property assessment changes in the works, Romanow fell back on the exact same principle: it's either the 35-year-old system in need of revamping, or the soon-to-be implemented system based on market value.

There was no mention of cuts to any other areas of government spending - especially those which the majority of residents would term discretionary - to finance highway repair. Similarly, Romanow refused to acknowledge that the reassessment process hoisted onto the backs of taxpayers was not the only option available.

Without the opportunity for input into the change, many Saskatchewan residents will simply have to accept the changes which will leave them reeling when their new tax bills are sent out in January. The government says they are revenue neutral. For the government, yes. However, the people footing the bills will see a major shift in their tax bills. Some will pay up to 80 percent more. Others will pay only 30 percent of the former amount. The taxes to be paid will be determined solely on the value of the home. It is a complicated, expensive, volatile method.



Agreed, the old system needed to be changed. But Romanow and colleagues have implemented the worst possible option. Under the market or actual value method of assessing property, increases in the value of your home because of inflation, demand or even renovations consequently mean an increase in taxes. There is no incentive to upgrade your property since you'll be penalized, and you'll receive no better service than before.

Other more taxpayer-friendly alternatives should have been offered to Saskatchewan people. One is the Actual Price Acquisition (APA) which guarantees the assessment value stays at the same level until the property is sold. This taxpayer-designed formula has been in use in California since the late seventies, and provides a stability that the present Saskatchewan formula simply can't compete with.

The British Council Tax (BCT) is based on assessing all properties the same within one of eight bands of 1991 values. It's a stable system as long as properties are not revalued.

Israel has a formula called Unit Assessment, and it is based on property size, with all properties of the same physical dimensions having the same assessment. It is probably the simplest and fairest of all the assessment options.

Given these alternatives, taxpayers must question why they were never offered for public consumption. As the ones who ultimately pay the bills, and are most deeply affected by the changes, it is unconscionable to have a government implement such a dramatic remodelling without allowing the taxpayers input into the decision-making process. ■

A lesson for all Canadians from Drake, Saskatchewan

by V. Joy Schmit

Looking to enhance your community? Perhaps with a park or a new skating rink? Need a million? Maybe two?

For those lucky enough to buy into the federal government's infrastructure program, it can be as easy as filling out an application form and waiting for the cheque to arrive.

But a small village in Saskatchewan's grainbelt has found a replacement for government funding. It's called a combination of enthusiasm and hard work.

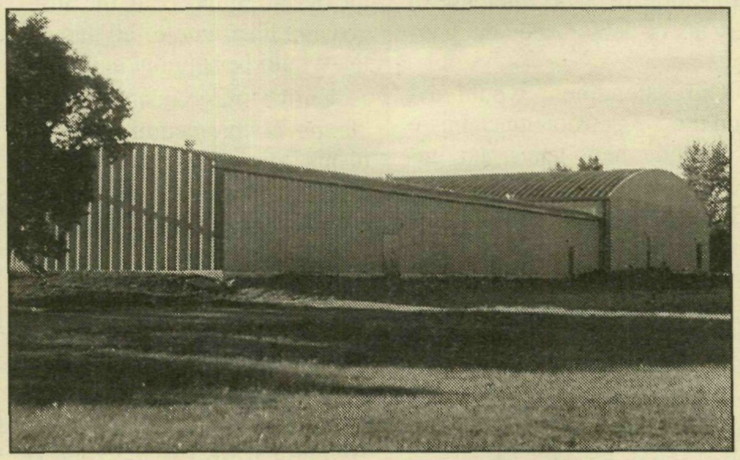
The community of Drake boasts a population of 250. When it became necessary for the aging skating/curling rink structure to be replaced, the villagers, and the residents of surrounding farms, didn't look to anonymous taxpayers to foot the bill in the form of a government handout. They looked after themselves.

In three years, the people of the small rural centre managed to raise approximately $1 million. The money came from the volunteer fund-raising efforts of the community.

From bake sales to bingos; from raffles, auctions, and community yard sales to a large truck lotto, it was an effort that saw virtually everyone contributing in some way or another. Two innovative individuals shaved their heads for pledges. Even in the construction phase, the majority of the work was done by volunteers. A contractor was hired with two supervisors to oversee the work, but each day anywhere from a dozen to twenty locals were putting it together.

The project is now completed and awaiting it's first season of use. Although technically owned by the Village, the Drake recreational facility really belongs to the people of community.

One of the critical reasons this project was successful was because of its necessity. The recreational centre is the centrepiece of small towns and villages across the country. The people of Drake saw a need and worked together towards filling it.



The new Drake arena.

In direct contrast, we have the federal government's infrastructure program, under which $6 billion in tax dollars are being arbitrarily handing out for dubious projects. For example, Shawinigan, Quebec was the recipient of $500,000 to build a canoe museum. Is it a project that would have proceeded without government money? In Bittern Lake, Alberta, the government kicked in $100 to buy a $250 lawnmower. Could this realistically be termed "infrastructure," much less necessary?

The kind of pie-in-the-sky investments our federal, provincial, and municipal governments make on a daily basis serves as a grim reminder as to why this country is a world leader in debt levels. The idea that the government will build these facilities for Canadians is a bit of a "misnomer." Why should taxpayers in the Yukon be forced to contribute towards $1.13 million worth of bicycle routes in Windsor, Ontario? Would you find many ranchers in Alberta happy to see $14.4 million of their tax dollars going to build circus training facilities in Montreal?

It's this concept of government taking money out of communities in the form of high taxes, and redistributing them to projects faceless bureaucrats deem worthy, that is breeding public cynicism and fuelling the underground economy. Real economic growth could best be achieved by leaving individuals the ability to decide which projects they want to contribute to, and by taking government out of the process.

You only have to look as far as Drake, Saskatchewan. The people there, and what they accomplished, are positive proof that if an undertaking has validity, then those with a vested interest will ensure its success, and more importantly, government assistance is not a pre-requisite to ensure that success.■

No tax relief in sight

by Moira Wright

For the third consecutive year Saskatchewan will have a budgetary surplus. The province recently released its mid-term financial report indicating a continued improving fiscal position for the province.

The provincial economy showed significant gains in oil and uranium revenues, as well as increases in housing construction. The economy was also aided by the lower-than-expected value of the Canadian dollar and level of interest rates, which both aided exports.

Finance Minister Janice McKinnon expects a $259-million surplus, which is down about $98 million from the budget presented in March. The decrease in the surplus is due to the government's plans to pay-down the accumulated deficit in the Crop Re-insurance Fund, as well as a $40-million one-time investment for Health Renewal Transition Assistance.

Much of the budgetary surplus can be attributed to $299 million increase in tax and royalty revenues: income tax up $44.8 million; sales taxes up $15 million; corporate taxes up $10 million; oil royalties up $198.9 million; and uranium royalties up $30.3 million.

While Finance Minister McKinnon should be complemented on once again balancing the budget, the fact is that is has been accomplished on the backs of overburdened taxpayers and through revenue growth. Even worse the governments continues to show a lack of concern about the harsh tax burden shouldered by its citizens.

The government set a good example when it committed to a successful four year plan to balance the budget. Why can't they make a similar commitment over the next four years to tax relief measures?

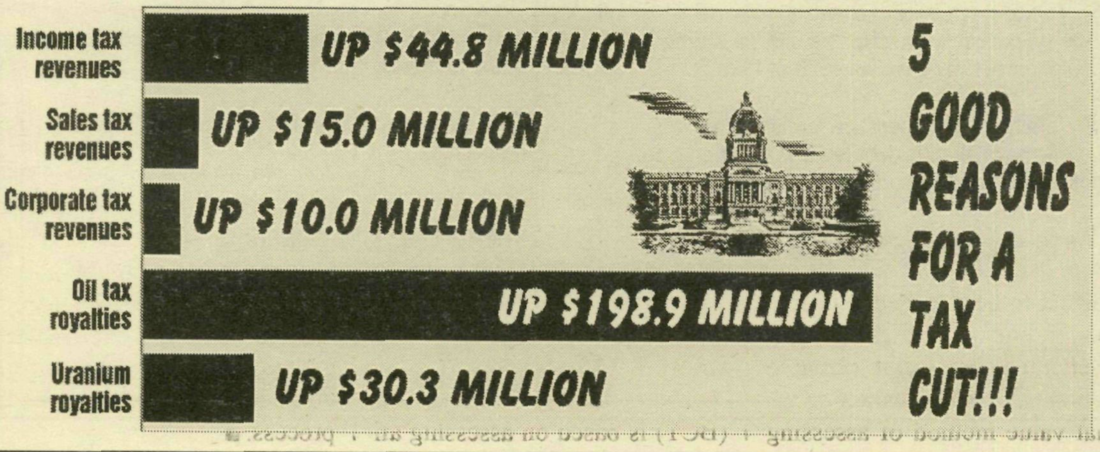
Ignoring the need for future tax relief sends a message to taxpayers that they can only expect more of the same — tax increases and utility rate hikes, such as the 1996 12% Sask-Power hike. It's time the government recognized that it can't continue taking increasing amounts from taxpayers. The current burden is unsustainable. If no commitment is made to future tax relief, we will continue to lose valuable employment opportunities.

Our economic and tax climate must stand the test of competition with lower-taxed neighbours. Alberta could well be net-debt free in the next decade, and its government has already made some efforts to provide tax relief for its citizens.

Unless the Saskatchewan government signifies an intention to reduce taxes, the Alberta advantage will continue drawing jobs and investment out of this province.■

Anticipated Revenue Increases

For the Saskatchewan government in 1996-97 over the previous year



1996-97 General Revenue Fund Budget Balance Reconciliation (In millions of dollars)

Budget Estimate Surplus		**$357.8**
Plus:	Tax and royalty increases	299.0
	Interest cost savings	11.9
Less:	Equalization payment offset	228.7
	Health Renewal Transition Assistance	40.0
	Crop Re-insurance Fund deficit paydown	108.0
	Federal prepayment of Corporate Income Tax	33.6
Plus:	All other changes	0.9
Current Surplus Projection		**$259.3**

Good will isn't enough

by Victor Vrsnik

What assurances can municipal taxpayers count on to protect themselves from ascending property taxes, business taxes, and amusement taxes? For starters, they can pin their hopes on the good will of their elected councillors to respect the "no new taxes" message.

Should taxpayers find themselves besieged by a reckless tax-and-spend council, they can take some comfort knowing that provincial regulations enforce balanced budgets in the municipalities. Only with approval from the Municipal Board can a council legally incur debt. But what's to stop a renegade council from unilaterally raising taxes to balance its out-of-control spending? Answer: so far, good will alone.

For the moment, the only palpable safe guard for taxpayer protection is a provision in the new Municipal Act. Under the Act, two-thirds of potential taxpayers may reject a local improvement by submission of a petition. But what provisions will enable taxpayers to fend off excessive capital borrowing, or hikes in property tax, amusement tax, or business tax?

The Manitoba Taxpayers Association is proposing an amendment to the Act which offers taxpayers protection against undue municipal taxes or debt creation.

"Taxpayer protection" represents the potential power of taxpayers to override the imposition of a tax increase, a new tax or debt burden by government.

Our amendment would extend the 2/3 petition mechanism to include new taxes, tax increases and borrowing by-laws, offering municipal taxpayers affordable and practical taxpayer protection similar to that found in the *Balanced Budget, Debt Repayment and Taxpayer Protection Act*.

Owing to new definitions in the Act, together with our proposed amendment, only those taxpayers "liable to pay" for a tax increase, new tax or borrowing by-law would be entitled to tacitly approve or directly disapprove of any proposed expenditure.

Here is how full taxpayer protection provisions might work. Suppose a municipal council passed a by-law authorizing a property tax increase. Given that only property owners would be liable for the tax, they, by definition would constitute the potential taxpayer in this case. "Potential taxpayer" refers to those liable to pay for a particular tax levied by a municipality.

Suppose the local property owners didn't care for the tax hike. Since they are the ones directly affected by the tax, they could exercise their right to oppose it by filing a notice of objection with the chief administrative officer. If two-thirds or more of the property owners object within 30 days, the by-law authorizing the property tax hike would fail and the tax would be soundly defeated.

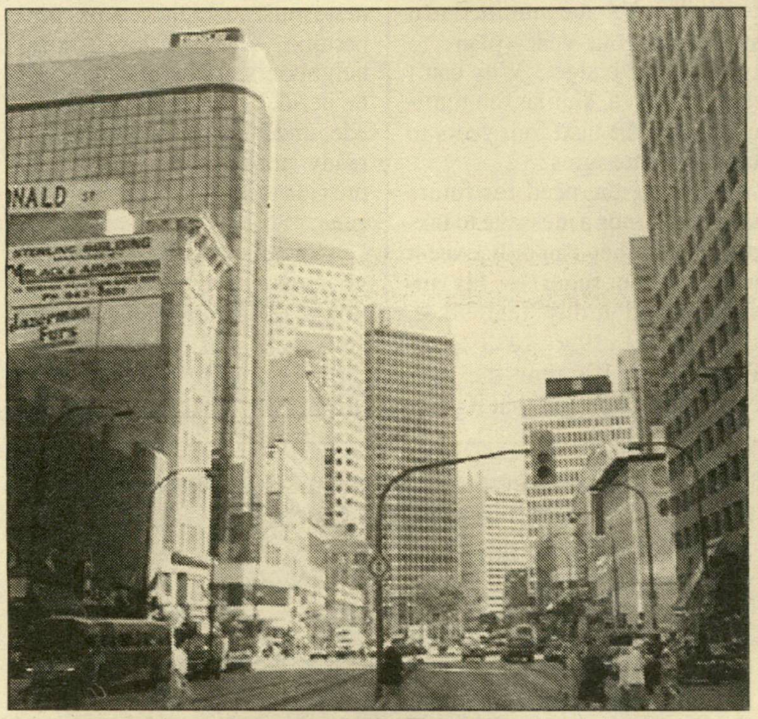
Unlike referenda or other "taxpayer protection" mechanisms, our amendment would hold municipal councils accountable to their taxpaying constituents at virtually no cost to the municipality.

To restrain and roll back taxes in Winnipeg, taxpayers in the municipal bedroom communities need to tighten the noose around the Big City. Winnipeg is a tax-lover's haven, encircled by new models of disciplined taxpayer protection legislation formed at the municipal and provincial levels of government.

If rural municipalities can demonstrate leadership and control over their tax-and-spend powers, Winnipeg's City Council will be faced with an ultimatum. Either carry on with the current tax regimen and allow the tax base to migrate to tax-friendly municipalities outside the City. Or avert disaster and showcase Winnipeg as a wise investment opportunity by adopting money by-laws and taxpayer protection legislation.

By extending municipal taxpayer protection to property tax, business tax, amusement tax, and debt creation, taxpayers can guarantee a measure of control over their tax bill without having to place their faith in elected princes.■

Canadian Taxpayers Federation
Manitoba Taxpayers Association
1211 Richard Ave., Winnipeg, Man., R3E 3H3
Phone: 204-772-3199 or
1-800-772-9955 Fax: 204-772-7970



By using a petition instead of referendums, the Municipal Amendment does not result in any additional costs for governments.

Lorette Taxpayer Protection Initiative

"... the [Manitoba] Taxpayers Association help was an integral part of our success in having last year's referendum upheld by the recent decision of the Municipal Board of Manitoba." - - *Dianne Wright, Tache Ratepayers Association, Winnipeg Free Press, Oct. 14, 1996*

This past October, the Manitoba Taxpayers Association made a presentation to the Manitoba Municipal Board on why it must not allow the Lorette town council to press ahead with a borrowing bylaw that had been defeated in a local referendum just a year earlier. The Municipal Board agreed with the MTA's arguments and ruled that the Lorette town council had to abide by the referendum results. The following are the highlights of the Association's presentation and the Municipal Board's response.

MANITOBA Taxpayers ASSOCIATION

Highlights of the MTA's Presentation to Manitoba Municipal Board concerning By-law 1956

Selected quotes:

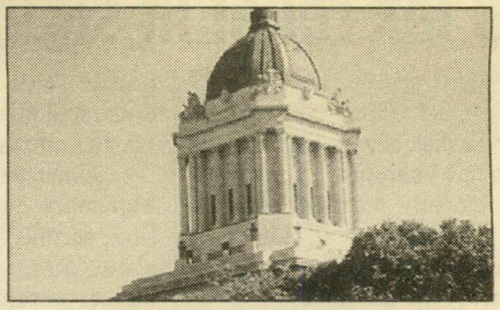
"The aim of this presentation is to defend the principal that governments which borrow large amounts on public credit should first seek taxpayer approval."

"The proposed By-Law No. 1956 is, for all intents and purposes, By-Law No. 1920 of 1995."

"We are here today because the taxpayers of Lorette have already debated and voted on a proposal, and that decision is not being respected."

"We believe that rejection of this once defeated copy of By-Law No. 1920 is the most rational option."

- Victor Vrsnik
MTA, August 30, 1996



The Manitoba Municipal Board's Response Order No. C-96-101

Selected quotes:

"Reluctantly, the Board finds itself in a position where it must refuse to approve the By-Law on the basis that the people in the community have indicated, by their vote in the referendum, that they are not prepared to accept the additional costs involved in relocation of the existing lagoon."

"By-Law No. 1956 is, in essence, a duplicate copy of the former By-Law No. 1920."

"This was a decision of the people and it must be respected."

THEREFORE, IT IS ORDERED:
"That the application for the approval of By-Law No. 1956 of the Rural Municipality of Tache **BE REFUSED**."
- D.J Pratt, Q.C.
Acting Chairman, September 18, 1996

The following is a copy of the Municipal Taxpayers Protection Amendment written by the Manitoba Taxpayers Association (MTA). The MTA presented this Act to the Filmon government asking that it be passed into law in order to protect municipal taxpayers. If passed, the Act would effectively limit municipal government's ability to tax, spend and borrow.

Municipal Taxpayer Protection Amendment

Part A - Borrowing protection

Please insert into Division 2 (Borrowing) after S. 173 and renumber accordingly.

Creation of veto period prior to municipal board consideration

A I The Municipal Board shall not consider any borrowing by-law proposal until 31 days after passage of that proposed by-law into second reading.

Objection to Borrowing By-Law Proposal

A II(1)Subject to subsection (2), potential taxpayers under a proposed borrowing by-law may, by filing a notice of objection with the chief administrative officer within 30 days after passage into second reading of that by-law, object to the plan or proposal.

Content of Notice

A II(2) A notice of objection under subsection (1) must
(a) state the name and address of the person making the objection;
(b) identify the borrowing by-law in respect of which the objection is made;
(c) identify the business or property in respect of which the person is a potential taxpayer under the plan or proposal; and
(d) state the grounds for the objection.

Certain Borrowing Exempt From Objection

A II(3) A potential taxpayer is not entitled to object to a proposed borrowing by-law which has as its object
(a) the refinancing, redemption or restructuring of existing debt under S. 168(2)
(b) the financing of a project or projects needed to repair damage caused by natural disaster

Supermajority Petition Overrides Borrowing By-Law

A III (1)If 2/3 or more of the potential taxpayers under a proposed borrowing by-law have objected under A II(1) to the plan or proposal, the council may not
(a) approve the plan or proposal; or
(b) propose a similar plan or proposal for a period of two years after passage into second reading of the proposed borrowing by-law

Public Hearings

A III (2)If one or more but fewer than 2/3 of the potential taxpayers under a new borrowing by-law object to the proposed borrowing by-law under subsection A II(1), the council must give notice of an hold a public hearing in respect of the plan or proposal before considering a by-law to approve it.

Part B - Taxpayer protection - New taxes, Tax increases

Please insert after S.336 as "Division 8 (Taxpayer Protection)" and renumber accordingly.

Objections by Potential Taxpayers to New Tax or Tax Increase

B I(1)(a) Subject to subsection (2), where a new tax is imposed or a tax rate set under 302(1)a, 304(1), 306(a), 328(1) is greater than the rate or fee levied in the previous fiscal year, potential taxpayers directly affected by the new tax, levy or tax increase may, by filing a notice of objection with the chief administrative officer within 30 days after passage through second reading of the by-law authorizing the new tax, levy or tax increase, object to the new tax or tax increase.
(b) All electors in a municipality are to be considered potential taxpayers for any new tax or tax increase under 328(1).

Content of Notice

B I(2) A notice of objection under subsection (1) must
(a) state the name and address of the person making the objection;
(b) identify the by-law in respect of which the objection is made;
(c) identify the business, property or activity in respect of which the person is a potential taxpayer under the plan or proposal; and
(d) state the grounds for the objection

Unfunded Mandates Exempt From Objection

B I(3)(a) A potential taxpayer may not object to a new tax or tax increase proposal where the increase is required to meet the costs of a new commitment imposed on that municipality by federal law, provincial law or judicial decision, except where the municipality shall be compensated fully for the costs of that commitment by appropriate federal or provincial authorities.

Education Levies Exempt From Objection

B I(3)(b) A potential taxpayer may not object to a new tax or tax increase proposal where the increase must be levied to meet the requirements of an education levy increase required by appropriate local school authorities.

Emergency/Disaster Exemption

B I(3)(c) A potential taxpayer may not object to a new tax or tax increase where funds generated by the new tax or tax increase are to be directly allocated toward disaster relief or repair.

Supermajority Petition May Override Tax Increase or New Tax

B II (1)If 2/3 or more of the potential taxpayers under a new tax proposal have objected under B I(1) to the plan or proposal, the council may not
(a) approve the plan or proposal; or
(b) propose a similar plan or proposal for a period of one year after passage of the proposed new tax or tax increase through second reading.

Public Hearings

B II(2)If one or more but fewer than 2/3 of the potential taxpayers under a new tax, levy or tax increase object to the proposed new tax or tax increase under subsection B I(1)(a), the council must give notice of an hold a public hearing in respect of the plan or proposal before considering a by-law to approve it.

New Tax / Tax Increase - Time Limitation to Permit Petition Veto

B III.No by-law that levies a new tax contains an increase in any tax rate may take effect until 31 days after passage through second reading of that by-law.

Part C. Definitions

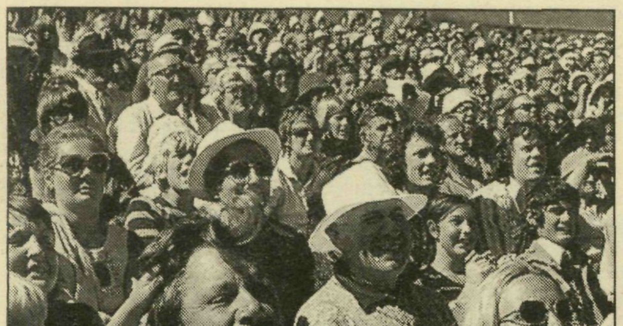
Please DELETE S. 308 (definition of "potential taxpayer" exclusive only to the division), and add the following to ensure consistency across all parts/divisions of Bill 54.

ADD to S.1(1) ("Definitions"):

"**potential taxpayer**" means a person who would, if a particular borrowing, new tax, tax increase, local improvement or special services proposal were approved by by-law, be liable to pay the new tax or tax increase or pay for the debt repayment, local improvement or special services proposal.
"**new tax**" means a tax, levy or fee not levied as a charge for a particular service where that tax, levy or fee was not imposed or collected in the previous fiscal year.
"**tax increase**" means an increase in the rate set in the previous fiscal year for any tax, levy or fee not levied as a charge for a particular service.

Note:

i) B1 (3) (b) is necessary as municipalities are required to pass school board - authorized increases .
ii) Numbering is based on the draft Bill 54. ■



The Municipal Amendment, if passed, would give Manitobans the ability to control property taxes.

Petition campaign

Municipal Taxpayer Protection Amendment

The Manitoba Taxpayers Association is proposing amendments to the Manitoba Municipal Act which will protect taxpayers from excessive municipal taxes and debt creation.

How will the Proposed Amendments Help Taxpayers?

By signing a petition, 2/3rds of local taxpayers could override any new tax, tax increase or any capital borrowing by-law if the amendments were passed.

What Others are Saying...

"I think your suggestions have some validity in terms of making sure that there is accountability and that the taxpayer does have some meaningful input into how his or her tax dollars are spent..."
- The Honourable Len Derkach, Minister of Rural Development, Hansard, Municipal Affairs Committee hearings, Oct. 17, 1996

"I think it's an excellent idea. I feel taxpayers should have this opportunity. If two thirds don't want it we shouldn't be going ahead."
- Tony Pimentel, Councillor, Winnipeg Beach, Interlake Spectator, Oct. 28, 1996

Help Put Taxpayer Protection into Practice!

Taxpayer protection from needless municipal tax hikes will be possible only if there is a show of popular support by Manitoba taxpayers.

Please show your support by completing the form below.

"I support municipal taxpayer protection for capital borrowing, new taxes and tax increases."

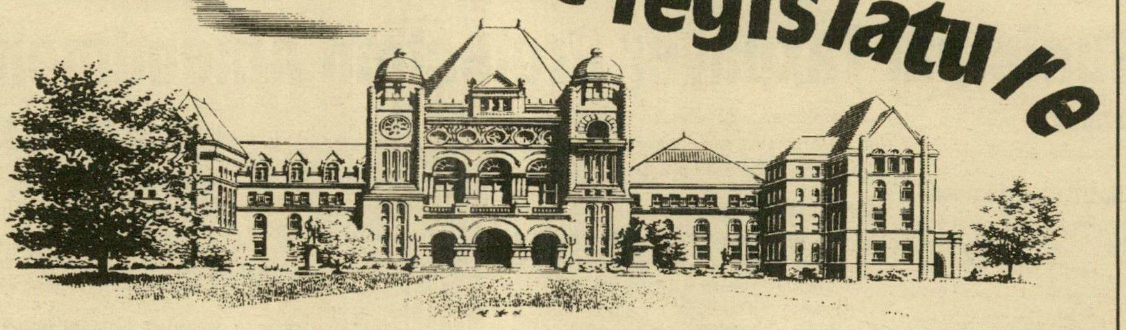
(signature) (printed name)

(address) (municipality)

Send it to us by post or by fax at (204) 772-7970. We will present all completed forms to the Legislature with the amendments. Manitoba Taxpayers Association, 1211 Richard Ave., Winnipeg, Manitoba, R3E-3H3, Fax: (204) 772-7970

Shrinking the legislature

by Paul Pagnuelo



Occasionally one of our many governments does the right thing.

In early October, Premier Harris followed through on his election pledge to reduce the number of MPPs sitting in the Ontario legislature. The Tories have introduced a bill, entitled the *Fewer Politicians Act*, which will pare down the number of MPPs from 130 to 103 - a cut of more than 20%.

There are those who will cry blue murder over this 'right-sizing.' They'll say that big government is good government; that Ontario needs more legislators to represent the population, not less; that Harris' proposition to cut the number of MPPs is simply a cynical political ploy to shore up voter support. But many of these criticisms come from none other than those MPPs who stand to lose their jobs in the process.

Taking a more objective view, taxpayers and electors should cheer the move to a smaller Legislative Assembly. Here's why:

It will save money

The new provincial boundaries will correspond to federal electoral districts, so taxpayers will save on MPP salaries, expenses, staff, and on the costs of planning and running elections. Although the savings are only a small drop in a very large bucket, they nevertheless all add up. Ontarians will reap a $2.1-million annual savings just in MPPs' salaries. That's $2.1 million that can go to reducing the province's deficit.

One person, one vote

As they now stand, Ontario's electoral boundaries are anything but democratic. Suburban voters, for example, are grossly under-represented. Their votes are worth less than those in the cities or rural areas. The new boundaries will provide a much purer (although not perfect) form of representation by population, a cornerstone of western democracy.

It will prevent gerrymandering

Manipulating constituency boundaries to secure the greatest possible advantage for the governing party is a well-honed practice in provincial politics. Harris has helped reduce the likelihood of gerrymandering in Ontario by adopting the boundaries set out by the impartial Federal Electoral Boundaries Commission. In aligning the new boundaries based on work done by a body outside the Legislature's jurisdiction, the number of seats held by each party should more accurately reflect the votes cast in any given election.

Fiscal responsibility

Ontarians will only accept the need for spending reductions (which, incidentally, are absolutely necessary) if they are applied fairly across the board. Saving the perks, pay and jobs of politicians, while the rest of the population is forced to tighten its collective belt, would be sheer hypocrisy.

Since assuming office, Harris has done more than any Ontario Premier before him in providing "leadership by example." First by scrapping the MPPs' gold-plated pension plan and tax-free allowances, and now by reducing the number of MPPs.

Next, he should fire his guns on the political donation tax credit which is used to subsidize country club memberships, suits, dry cleaning, etc. for party officials and MPPs. It's unfair that taxpayers are being forced to pay, not only for the weeny-roasts and golf games of party members, but also for political views and opinions they oppose.

The Premier should continue his good "House" cleaning spree by scrapping this abuse of the electoral system.■

Property Tax Reform: Options for Ontario

Post-conference report

During the first weekend of November the "Property Tax Reform: Options for Ontario Conference" was held in Toronto.

Speakers from Israel, the United Kingdom, Ontario, British Columbia and California compared property tax assessment systems, with much discussion as to which would work best in Ontario.

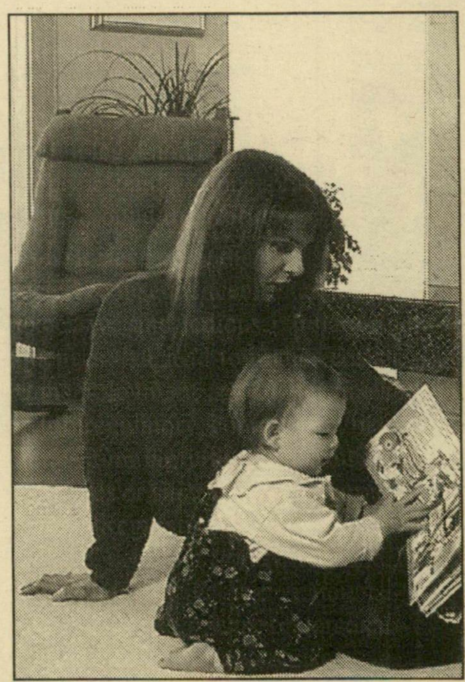
As it now stands, the Ontario provincial government plans to model British Columbia's Actual Value Assessment (AVA) property tax system. Essentially, under AVA, properties that are sold are examined and relationships are identified between features of these properties and their selling prices. These same relationships are then used to estimate probable selling prices for properties which were not sold. Assessed values usually do not reflect observable quantities, so the result is that the Assessment Authority has to commit significant resources to defend its assessments when taxpayers appeal their assessed values.

As noted in Richard Poole's presentation (founding partner of Poole Milligan Law Firm), a substantial proportion of Vancouver's commercial assessment base is under appeal, with a backlog held over from previous years.

Ed DesRoches, a board member with the Canadian Taxpayers Federation, also made a presentation on the AVA system. He discussed AVA's problem with tax volatility which remains an unresolved problem in B.C. DesRoches recalled that in 1989-91 a large number of businesses simultaneously faced massive tax increases due to reassessment. The businesses were constantly frustrated that neither the City of Vancouver nor the Province of B.C. would accept responsibility for tax increases in excess of 100% (year-over-year) where there had been no new building or improvement.

David Doerr, the Director of Tax Policy for the California Taxpayers' Association spoke on California's use of Acquisition Price Assessment (APA). With APA, properties are reassessed only when sold, and the selling price becomes the new assessment. Acquisition price assessment frees assessors from the most difficult and expensive task under AVA: estimating probable selling prices for all properties, whether sold or not. Doerr says APA is solidly supported by California taxpayers.

Another taxpayer friendly system is the Council Tax used in the United Kingdom. Speakers from the United Kingdom, Ann Blackmore, Head, Council Tax Section, Department of the Environment, and Pat Doherty, the President-Elect, Institute of Revenues, Rating and Valuation, U.K., addressed the conference. Under the Council Tax, the relationship between tax levels and values is similar to that occurring with a blend of actual value assessment and parcel taxes: as values increase from property to property, taxes also increase. Each property is assigned to one of eight market value bands, but not appraised in monetary terms. The assessments are based on relative value, not actual value as in B.C. Over time, relative values will change but only sizable changes in relative value would move properties to other bands.



Property tax reforms could jeopardize Ontario families.

From Tel Aviv, Deputy Mayor Dan Darin presented a clear case that unit (area based) assessment can function in a satisfactory manner, and observed that Israel entrusts the local council to set tax policy with few constraints.

Unit assessment as it operates in Israel meets head on the objections to such a system raised in Ontario. The principal objection to unit assessment has been the issue of "geographic regressivity", meaning that unit assessment gives an unfair tax break to homes in affluent neighbourhoods. This might be the case if the same tax rate per square metre were applied to all residences city-wide. However, in Tel Aviv a higher tax rate per square metre is set in the more affluent zones so the tax can be as geographically progressive as Council wants it to be.

At a time when few Ontarians are aware of the wealth of options available to the provincial government regarding the changing assessment model, the Conference successfully brought to light the fact that simpler, fairer, easier to understand methods are there.■

A mega city - mega mistake

by Paul Pagnuelo

Rocket scientists should stick to what they know best - rockets. And Municipal Affairs Minister, Al Leach, should stop seeking their advice when it comes to restructuring municipal government in Ontario.

In support of the idea that Metro Toronto's six municipalities should be merged into one mega city, Leach observed that it doesn't take a rocket scientist to figure out that eliminating six city halls and six fire departments will save taxpayers money.

To think a Toronto mega city will be more efficient, resulting in reduced costs and a lower property tax burden is folly. But, as a knee-jerk reaction, it's an easy conclusion to come to.

If the Municipal Affairs Minister - himself a former bureaucrat - would return to earth for a minute, he might find out that a smaller number of governments won't yield less government and lower costs. In fact, it produces the exact opposite effect - bigger government, more spending, and higher taxes.

The perceived savings, by eliminating six city halls and their separate bureaucracies, are far less than the higher costs which would be associated with a mega-city government. The empirical evidence worldwide is that higher, not lower, unit costs are associated with larger governments.

Amalgamation, on its own, doesn't produce real net savings.

What mega-city proponents fail to point out when justifying their claims of lower costs, is that the savings they boast about were not achieved by economies of scale resulting from amalgamation. They're usually the result of a reduction in service levels, or by efficiencies that could have been achieved despite amalgamation.

If the citizens of Metro Toronto would be better served and at lower cost, by a single municipal government instead of six, then by extension why not do away with municipalities altogether?

Let's just turn the delivery and funding of all our local services over to Big Sister at Queen's Park. Or for that matter, while we're at it, let's also eliminate provincial governments and have all our government needs serviced by the feds in Ottawa. The proposition, of course, is ridiculous.

The Harris government's "Common Sense Revolution" election platform talked about rationalizing the need for regional and municipal levels of government to avoid the overlap and duplication that now exist.

While rationalization is necessary and long overdue, what Leach is suggesting with his mega city idea is replacing local municipal governments with a super regional government. Not just in Metro Toronto, but all of Ontario.

But the reality is that government amalgamation works against the best interests of taxpayers.

Super regional governments not only dilute democratic control of local government by citizens, they also increase the power of special interests.

The only economies of scale they provide are to public sector unions whose power increases exponentially as the size of government increases. Large labour contracts, which impose inefficient work rules and discourage customer-oriented service, will result in lower quality, excessively high unit costs for public services, and higher taxes.

Eliminating the competitive aspect of lower-tier municipal governments means reducing the potential for innovation. As governments become larger, gone are the benchmarks to draw contrasts between effective and ineffective, efficient and inefficient governments.

Harris and Municipal Affairs Minister, Al Leach, should be encouraging competitive government, not bigger and more costly government.■

Mega city amalgamation leads to bigger government, more spending, and higher taxes.

The people's choice

by Paul Pagnuelo

In a democracy, we entrust voters to cast ballots for elected representatives.

In June 1995, Ontarians made a decision on who should govern the province for the remainder of the century.

They looked at the issues and based their decisions on the detailed policy platforms of the political parties. The Harris government was given a mandate by the people to implement the policies it advocated during the election campaign.

Two issues which the government is moving forward on, fast and furiously, are reform of Ontario's property tax assessment system and the structure of local government.

On property tax assessment reform, the government says it has made its decision. An army of tax collectors has been given its marching orders to implement Actual Value Assessment in time for the 1998 municipal tax bill.

And although the Premier, after a meeting with Metro Toronto's six mayors, indicated the jury is still out, his Municipal Affairs Minister, Al Leach, has publicly stated that he's in favour of abolishing the six municipalities and creating a mega city.

Both issues raise an important question. Should citizens be allowed to vote on policy options outside of general elections? Particularly if the policy the government wants to implement is the opposite of one it advocated during an election campaign; or one on which it never expressed a clear position at the time.

In its 'Common Sense Revolution' election platform, the Harris Tories were silent on the matter of property tax assessment reform. On resolving the issue of efficient local government, the CSR said "We must rationalize the regional and municipal levels to avoid the overlap and duplication that now exists."

Instead of letting a handful of politicians decide our fate, it's time to give the true majority the right to decide through referendums.

In a 1995 pre-election survey, the Taxpayers Federation surveyed Ontario's political parties on a variety of issues.

When asked if his party, if elected, would eliminate regional and county governments, transferring their responsibilities and funding to local municipalities and/or to the provincial government, Harris replied "Undecided," but added, "Looking at favourably." On a second related question as to whether his party would eliminate local municipalities, transferring their responsibilities to regional and /or county governments, his response was a categorical, "Disagree."

And on property tax reform, Harris replied that the party was undecided on the type of assessment system it would support.

Questions on the idea of holding a binding referendum to allow voters to decide on proposals to reform the property tax assessment system and what level of municipal government, if any, should be disbanded, were also answered, "Undecided." But he went on to say "We are interested and committed to the idea of increased use of referenda. However, the details of how have yet to be finalized."

Based on its election platform, the Harris government was never given a mandate by the people to enact a particular assessment alternative when it comes to property tax reform. And on the issue of local government, Harris' survey response was diametrically opposite to the 'big government - amalgamation' direction it now appears to be favouring.

In a recent discussion paper *A Preliminary Look at the Referendum Alternative*, Premier Harris' support for direct democracy is unquestionable.

We urge the Premier not to lose sight of his commitment to the use of referendums on certain questions of public policy. Especially when dealing with such fundamental issues as to how we should be taxed and governed at the local municipal level.■

Heritage Culture and Language Grants

The following is a breakdown of the grants handed out by the federal Department of Canadian Heritage under a program entitled Heritage Culture and Languages. These grants were given out in the fiscal year 1994-95. This partial list includes the name of the group or invidividual receiving the grant, the purpose for the funding and the amount they were paid in that fiscal year.

In 1994-95, Canada Heritage handed out nearly $4.5 million under this program.

Act Productions Inc. - Gaining a Voice ... $15,000

African Studies Association - Teachers' Workshop of African Studies Association ... 3,500

Alberta College of Art Students Association - Art Gallery Management Apprenticeship ... 15,000

Ally, Dilara - Research and Writing of a Play ... 5,000

Arctic Institute of North America - Bush Land Videos Translation Project ... 7,656

Ark Films Inc. - Film Production ... 10,000

Artist Run Network - Institutional Change Project With ANNPAC/RACA ... 15,000

Arts in Action Society - Canada-Africa Cultural Exchange ... 10,000

Canadian Association of Second Language Teachers Inc. - *C.A.S.L.T. '94 Conference "Languages: Passport to the* Future" "Les langues: Passeport pour l'avenir" ... 10,000

Canadian Association of Second Language Teachers Inc. - 1995 National Conference ... 13,500

Association for Native Development in the Performing and Visual Arts - Apprentice Program Manager ... 15,000

Austrian Immigration to Canada Research Project - Austrian Immigration to Canada Conference ... 5,000

Austrian Immigration to Canada Research Project - Researching and Writing a Book on Austrian Immigration to Canada ... 5,000

Balmont, Marisa Comoglio - Meow's Project ... 8,000

Beeler, Dr. Karin and Dr. Dee Horne - International Regions Conference: "Contemporary Writing in English Produced in Canada" ... 5,500

Beyond Golden Mountain Productions Inc. - Film Production ... 5,000

Billy Bryans Productions - Music Production and Administration Apprenticeship ... 15,000

Black Theatre Workshop - Black Treatre Workshop Arts Management Apprenticeship ... 15,000

Brahmisoft - Bharatic-Canadian Language Project 10,000

Breakthrough Films and Television Inc. - Production Funding ... 5,000

Brick Books - Publication of a Book of Poetry by Marilyn Dumont ... 6,000

British Columbia Japanese Language Teachers Association - Compiling of the Japanese Language Textbook for Canada (Grade 5) ... 12,870

British Columbia Japanese Language Teachers Association - Compiling of the Japanese Language Textbook for Canada (Grade 6) ... 5,300

Butler, Gary R. - A Research Study Cultural Adaptation *and Retention: The African-Caribbean Narrative Tradition* in Toronto ... 12,672

Cahoots Theatre Projects - Apprentice Artistic Director ... 15,000

Canadian Artists Network Black Artists in Action - Skills Development Program II and Other Arts Activities 22,500

Canadian Association for Japanese Language Education - Heritage Language Education for Japanese-Canadians: First Leadership Conference ... 6,900

Canadian Association for Japanese Language Education - Japanese as a Heritage Language: An Innovative Teacher Training Course for Young Japanese-Canadians . 5,000

Canadian Association for Japanese Language Education - Japanese as a Heritage Language: Canadian Experiences, A Resource Guide ... 6,000

Canadian Assoc. of Chinese Language Schools - 1994 Conference on Chinese Education in Canada ... 24,000

Canadian Association of German Language Schools - Treffpunkt Deutsch 1994 ... 15,000

Canadian Conference of the Arts - "A World Beyond Borders" Conference ... 10,000

Canadian Council of Teachers of German - KONTAKT '95: *A Prairie Council of Teachers of German Impulse Seminar* ... 20,000

Canadian Croatian Congress - Canadian-Croatian Grammar Text ... 10,000

Canadian Croatian Congress - Canadian Croatian Educators Annual Conference ... 12,000

Canadian Ethnic Studies Association/Societe Canadienne D'Etudes Ethniques - Assistance for the Operation of Canadian Ethnic Studies Association ... 49,557

Canadian Film and Television Production Association - Apprenticeship ... 7,920

Canadian Film Institute - 1994 Summer Institute of Film and Television ... 15,000

Canadian Human Rights Foundation - One Day Public Meeting "Can East Europeans Learn from the Canadian Experience?" ... 15,000

Canadian Museums Association - Cultural Diversity and Museums: Facilitating Institutional Change ... 88,000

Centre for Jewish Studies - Inventory of Courses in Canadian Jewish Civilization ... 9,250

Cinelux - Film Production ... 10,000

CMS Productions Toronto People with AIDS - Production of Educational Film "Wanna Be's" ... 10,000

Coleman, Daniel L. - Junior Research Fellowship . 15,000

Congregation IYR Ha-Melech - Improvement of Hebrew Language Teaching Skills ... 8,000

Creighton-Kelly, Chris - Writing "Art, Racism and Canadian Culture" ... 5,000

CTV Television Network Ltd, Entertainment Programming Department - Production Assistant ... 15,000

Custom Clay Works Inc. - Apprenticeship ... 4,620

D'Oliveira, Damon - Film Script Development ... 6,000

Dabydeen, Cyril - Writing "Wild Coast Poems" ... 5,000

Daruma Pictures Inc. - Distribution and Marketing Coordinator, Apprenticeship Visible Minority ... 10,240

Deleon, Voltaire R. - Newcomer Theatre Workshops 4,650

Dreamspeakers Festival Society - Apprentice: Personnel Administrator ... 15,000

Dunlop Art Gallery - Program Apprentice and Exhibition Apprentice ... 6,255

ECW Press Limited - Publishing "Writing Ethnicity" 7,500

Edition Soleil Publishing Inc. - Promotion of Heritage Languages ... 5,000

En'owkin Centre - Apprentice Community Aboriginal Art Coordinator, Apprenticeship ... 15,000

En'owkin Centre - Aboriginal Publishers Conference 7,500

Exile Editions Ltd. - Publishing "Totem Women" by Ludwig Zeller ... 7,500

Fair Play Canada - Cross-Cultural Education Program for Canada Games Athletes ... 10,000

Ferron, Joel Hall - Le conte d'Oukande Maiella ... 15,000

Finnish Language Teachers' Association of Canada - Finnish Language Teachers' Seminar 1994 ... 5,000

Fleras, Augie - Adjusting the Mindset: Managing Media-Minority Relations in a Multicultural Canada ... 6,000

Folklore Canada International ... 7,500

Forum for International Trade Training - Development of Cross-Cultural Business Training ... 65,000

Frenkel, Vera - Arts Project on Immigrant Integration ... 11,000

Fresh Arts - Youth Coordinator Apprenticeship ... 8,448

Gallati, Ernst - Hermann Beoschenstein: Eine Biographie ... 2,000

Garcia, Luis O. - Film Project ... 20,000

Government of the Northwest Territories Archives/Prince of Wales Northern Heritage Centre -Archival Technical Services Trainee, Apprenticeship ... 15,000

Great Northern Arts Festival Society - Executive Director Trainee, Apprenticeship ... 15,000

Groupe Intervention Video - Projet de formation .. 15,000

Gryphon Productions - Video Production Producer in Training, Apprenticeship ... 14,850

Guernica Editions Inc. - Social Pluralism and Literary History: the Literature of Italian Emigration ... 7,500

H.H. Prince Aga Khan Shia Ismaili Council for Ontario - Journey Into Hope ... 10,000

Hall, Kyrin - Film Script Development ... 5,000

Hamilton Portuguese Association of Catholic Schools - Multilingual Seminar ... 8,000

Handa, Aruna and Kiphoff, John - Editing "Into the Mirror: *Minority Discourse at the End of the 20th Century" 5,000*

Harbourfront Centre/Harbourfront Corp. 1990 - Implementation of Strategic Plan for Ensuring Access ... 20,000

Hastings Park Foundation *for Rights and Freedoms - Writing* "Bukkyo Tozen: A History of Jodo Shinshu Buddhism in Canada" ... 5,000

Hus, Yvette - Dissertation Fellowship ... 6,720

International Association for Germanic Studies - Translating Texts and Brochures ... 1,000

Ioannidou, Irena - Her Violet Garden ... 10,000

Kala Nidhi Fine Arts of Canada - Kala Nidhi Dance Series

WINNIPEG: In response to Manitoba's new Municipal Act, the Manitoba Taxpayers Association began an all-out campaign pushing taxpayer protection amendments for the Act. Membership representatives, tax faxes, LTTs, personal letters and targeted ads have all been employed to generate coupons of support from voters. **Victor Vrsnik** presented municipal taxpayer protection amendments on October 17, 1996.

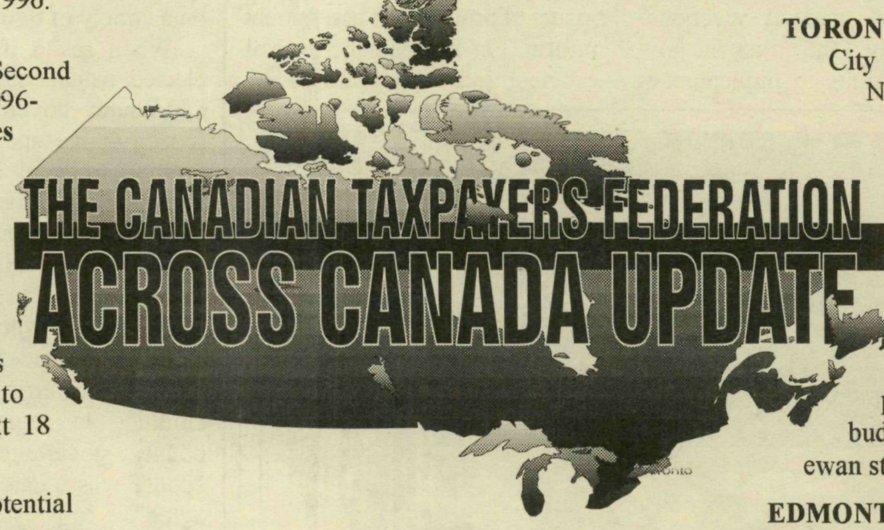
EDMONTON: The Alberta government's Second Quarter Budget update projects a surplus for 1996-97 of $1.7 billion. While the news is great, **James Forrest** cautioned that until the provincial debt is tackled, there is no "surplus" available to spend.

VICTORIA: CTF-BC issued two news releases addressing the emerging provincial budget crisis. **Troy Lanigan** did several media interviews on Premier Clark's televised address to the province and his government's plan to reduce spending by $750 million in the next 18 months.

VICTORIA: The provincial "gag law" and potential prosecution of the CTF-BC remained in the news when the federal government announced it will not appeal an Alberta court ruling overturning its election gag law to the Supreme Court of Canada. **Troy Lanigan** did several newspaper and TV interviews on the issue including an appearance on Rafe Mair's province-wide radio show.

TORONTO: Paul Pagnuelo appeared before an Ontario government committee on Bill 81, *The Fewer Politicians Act.*

TORONTO: Jason Kenney appeared on the national broadcast Jane Hawtin Live debating recent changes to Unemployment Insurance.



OTTAWA: Mitch Gray submitted the CTF's federal pre-budget discussion paper to the House of Commons Standing Committee on Finance. A summary of the submission can be found on page 3 of this issue of *The Taxpayer*.

REGINA: Property tax assessment continues to be a hot issue in Saskatchewan. **Moira Wright** addressed that issue in the media, as well as the issue of cabinet minister's travel expenses. CTF-Sask has started a petition campaign on direct democracy at the municipal level for tax hikes.

REGINA: Mark Lee participated in a town hall meeting on Cable Regina on the issue of taxation and tax assessment.

TORONTO: Paul Pagnuelo was a presenter at the City of Toronto's property tax conference in November. he also spoke to the City's public on the dangers of amalgamation.

WINNIPEG: Manitoba staff issued a "Waste Alert" fax urging supporters to contact Federal Human Resources Minister Doug Young, and encourage him to put his $65-million budgetary surplus to deficit reduction.

SASKATOON: Moira Wright participated on a panel to review mock federal budgets presented by University of Saskatchewan students.

EDMONTON: In response to Canadian Airlines' financial crisis, the CTF issued a national release suggesting federal government assistance to the strapped airline should come in the form of a tax break (elimination of the Aviation Fuel Tax) and not a loan or subsidy. Shortly thereafter the Alberta government offered to accelerate by one year, its already planned tax reduction. The federal government offered a tax rebate to the airline, in effect a subsidy.

1994-1995, Development of Phase II "Training and Intercultural Awareness" . . . 7,500
Kala Nidhi Fine Arts of Canada - Kala Nidhi Dance Series 1994-1995, Development of Phase II "Training and Intercultural Awareness" . . . 4,500
Kalli Paakspuu Films - Sweet and Sour: When East Meets East . . . 8,000
Kokoro Dance Theatre Soc. - Arts Apprenticeship . 15,000
League of Canadian Poets/House of Anansi Press - Promotion of "Crossing the Sea," a Work of Poems by Chinese Canadian Poet Duo Duo . . . 1,500
Lewis, Beverly D. - Production Funding . . . 15,000
Li, Qiang - Dissertation Fellowship . . . 6,720
Little Pear Garden Collective - The Mei Lan Fang Centenary Celebration . . . 10,000
Lozano, Jorge - Post Production of a Film . . . 2,000
Lynk, Michael S. - Writing a Book on Arab Canadian Immigration to Atlantic Canada . . . 5,000
Manitoba Association for the Promotion of Ancestral Languages Inc. - Cross-Cultural Education Software 10,000
Manitoba Coalition of Cultural Workers - Public Advocacy Coordinator, Apprenticeship . . . 9,670
Marabella Productions - Film Production . . . 10,000
Mazza, Antonino - Writing "Enemy Aliens: an Oral History" . . . 5,000
McGill Queen's University Press - Patriots and Proletarians: The Politicization of Hungarian Immigrants in Canada, 1923-1939 . . . 7,500
McGill Queen's University Press - "The Voice of A Sikh: Giani Tara Singh Baines" . . . 7,500
McGill University - Chair in Canadian Ethnic Studies . . . 400,000
Media Solutions Inc. - Film Producer Apprenticeship . . . 13,179
Melfi, Mary - Writing "Painting Moments: The Expressionist Vision of Nick Palazzo" . . . 4,000
Mixed Signals Productions - Film Script Development . . . 7,000
Mollica, Anthony - International Languages in Canada . . . 25,000
Montreal Jewish Film Festival . . . 8,000
Munkfilms - Post-Production Funding of a Film . . 13,000
National Campus and Community Radio Association - National Campus and Community Radio Conference 2,278
Noah's Flood 1995 Inc. - U.N. 50th Anniversary Intercultural Training Project . . . 20,000
Noels, Kimberly A. - Motivation and Second Language Learning: Classroom and Contextual Influence on Motivation . . . 3,500
Northern Visions Independent Video and Film Association - The Images Festival of Independent Film & Video 8,000
Nova Productions - Keeping the Flame Alive . . . 5,000
Nunoda, Peter Dr. - Issei, Nisei and Sansei: The History of the Acculturation of Three Generations of Japanese Canadians, 1930-1990 . . . 15,000
Oboro - I Think Already Changed . . . 12,500
Oboro - Arts Administration and Coordination Apprenticeship . . . 15,000
Ontario Association for the Advancement of Music and the Arts - Canadian Music Week, 1995 . . . 15,000
Pal, Prekashvati - Writing "Crossing Borders" . . . 5,000
Palmer, Hazelle - Writing an Anthology of Women Writers . . . 5,000
Paul Wong Productions Asian AIDS Support Project - To Love, To Grow . . . 12,000
Peripheral Visions Film and Video Inc. - Film Production . . . 15,000
Playwrights' Workshop Montreal Inc. - Apprentice Dramaturg . . . 10,791
Plotnikoff, Luba - Spirit Wrestlers: The Doukhobors 10,000
Possibilities Literary Arts Magazine - The Role of Periodicals for Canadian Visible Minority Writers . . . 1,000
Prairie Theatre Exchange - Sound Operator/Technician, Apprenticeship . . . 12,750
Prologue to the Performing Arts - Cultural Awareness School Tour . . . 3,000
Promyk Publishing - Publication of Bilingual Edition of A Search for Knowledge and Freedom A la recherche du savoir et de la liberte . . . 7,500
Puerta, Ramiro - Post-Production Funding . . . 2,000
Radio Carleton Inc. (CKCU FM) - Radio Production and Administration Apprenticeship . . . 14,000
Ragweed Press Inc. - Autobiography of Rita Joe . . . 7,500
Rasporich, Beverly - Translation of Sample Newspaper Columns of Anna Koivu . . . 1,000
Red Beans 'N Rice Film - Film Production . . . 15,000
Rhino Film and Video Inc. - Film Production . . . 20,000
Riedel, Walter - "The Life & Works of Walter Bauer" 4,000
Robinson, Ira - The Constitutional Documents of Canadian Jewish . . . 20,000
Ronsdale Press - Publication of "Two Shores," by Thuong Buong Riddick . . . 7,500
Rooney Productions - Canada South Africa Week Intercultural Awareness . . . 5,000
Rooney Productions - Canada South Africa Week Intercultural Awareness . . . 5,000
Rooney Productions - Renga Moi . . . 4,000
Rostom Publishing - Arab-Canadian Children's Stories . . . 7,500
Rungh Cultural Society - Marketing and Research Study . . . 5,000
Russian Language School Roots - Visit to Toronto Russian Community . . . 6,896
Sabathy Judd, Gerlinde - Moravians in Ontario: The Diary of the Indian Mission in Fairfield in Upper Canada from 1792-1813 . . . 12,720
Sadlier, Rosemary - Writing "Harriet Tubman in Canada" . . . 5,000
Saini, Sunity - Hindi-Gujarati as a Second Language: Story Book, Pilot Project . . . 4,000
Salvatore Filippo - The Italian Dimension of the Canadian Identity . . . 5,000
Saskatchewan Organization for Heritage Languages Inc. - "Speak Up, Speak Out", a National Conference on Language Opportunities and Issues . . . 30,000
Saskatchewan Organization for Heritage Languages Inc. - Heritage Language Electronic Bulletin Board . . . 15,000
Saskatchewan Organization for Heritage Languages Inc. - Canadian Languages Network . . . 70,000
Saw Video Co Op - Arts Apprenticeship, Production Coordinator . . . 15,000
Saw Video Co Op - Production Funding . . . 10,000
Seabright Murphy Video - Gaelic Language and Culture . . . 15,000
Senechal, Monique - Literacy Environments of Children from different ethnolinguistic communities . . . 6,000
Sherwood, Anthony - Rockin' in Paradise: A New Musical Play . . . 15,000
Sikh Social and Educational Society - Publication of Punjabi Reader III . . . 8,100
Sileika, Antanas - Writing of Novel . . . 3,500
Sister Vision Press - On the Job Publishing Apprenticeship . . . 15,000
Smith, Ann - Chilkat Weaving Apprenticeship . . . 15,000
Societe Boudhique Quan Am - Tieng viet . . . 7,000
Societe Royale du Canada - Promotion du patrimoine canadien . . . 100,000
Southern Alberta Heritage Language Association - Multicultural Pronunciation Workshop . . . 4,300
Split Quotation - Publication of an anthology . . . 4,850
St. Vladimir's Ukrainian School Toronto - Curriculum for the Learning of Ukrainian Language . . . 8,500
Steinfeld, J.J. - Writing a Novella and Short Stories on the Effects of the Holocaust on Subsequent Generations in Canada . . . 5,000
Szabo, Franz A.J. - Austrian Immigration to Canada 15,000
Target Marketing and Communications Inc. - Computer Apprenticeships . . . 14,520
Thakore, Sneh - Writing 'Anmol Hasya Chan' (Precious Humorous Moments), a Book of Plays in Hindi . . 5,000
Thomas, Noel - The Inventions of Twenty Canadian Inventors of Ethnocultural and Aboriginal Heritage . . . 21,500
Toronto Cultural Advisory Corporation Toronto Arts Council - Associate Grants Officer, Apprenticeship . . . 13,474
Totosy, Steven - 14th ICLA Congress 'Literature: Languages, culture, and society' . . . 7,500
Ukrainian Heritage Language School - Hands-On at the Ukrainian Heritage Language School . . . 7,090
Ukrainian Language Education Centre - Nova 3: Ukrainian Language Development Series . . . 25,000
Ukrainian Shumka Dancers - Student Workshop . . . 5,000
University of Alberta Faculty of Education - Professional Development for Heritage Language Instructors and Teachers: Development and Adaptation of Curriculum and Resources . . . 20,000
University of British Columbia Museum of Anthropology - Arts Administration Apprenticeship . . . 15,000
University of British Columbia Press - Publication of a book . . . 7,500
University of British Columbia Press - Publication of Book in First Nations Education in Canada . . . 7,500
University of Calgary Department of Linguistics Faculty of Social Sciences - Senior Fellowship . . . 20,000
Urbanyi, Pablo - Writing "A Place in the World" . . . 5,000
V Tape Canadian Cultural Workers Network - Fresh Looks Now: A Marketing & Promotions Outreach Strategy 2,000
Vachichin, Svitlana - Manuscrit VINOK (Bihok) . . . 12,000
Vues D'Afrique - Promotion of Canadian Artists of African Origin . . . 20,000
Wabegijig, Bridget - Basic Odawa/Ojibwe Language Video Series . . . 11,820
Wanuskewin Heritage Park Corporation - Gallery Administration Apprentice . . . 15,000
Winsom - Professional Development Opportunity Young Minority Artist . . . 5,000
Young, Marta Dr. - The Psychological Adjustment of Somali immigrants to the National Capital Region . 12,000
Yukon Arts Ctre - Apprentice: Curatorial Internship 15,000
Zong, Li - The Economic & Ideological Bases of Racism Towards Recent Chinese Immigrants to Vancouver . . . 10,000
Christina Parker Fine Art - Apprenticeship: Exhibit and Catalogue, Phase I . . . 8,000
Christina Parker Fine Art - Apprenticeship: Exhibit and Catalogue, Phase I . . . 2,000
Gard, Peter - To Entertain Strangers . . . 8,000
Kittiwake Dance Theatre - Set Design Apprenticeship7,000
St. John's Women's Film and Video Festival Inc. - Outreach to Multicultural Communities . . . 7,080
Stephenville/Stephenville Crossing Indian Band - Intercultural Awareness: Promotional Material on MicMac Culture . . . 1,500

Canadian Taxpayers Federation
Statement of Revenue, Expenses and Surplus

Year ended June 30, 1996

Revenue

Associate membership fees and donations	$2,902,519
Special projects	130,812
Interest and other	12,328
Total	3,045,659

Expenses

Advertising	28,072
Bank charges and interest	11,771
Membership development	1,334,486
Depreciation	21,973
Miscellaneous	8,095
Moving expenses	270
Office cleaning	5,335
Office supplies	29,770
Postage	123,468
Printing and distribution	68,986
Professional and legal fees	45,383
Rent	66,003
Rentals and leases	36,343
Repairs and maintenance	18,224
Salaries, wages and field management costs	849,025
Seminars, research & development	20,743
Shipping, freight and courier	17,067
Special projects	131,350
Telephone	115,307
Travel	82,761
Utilities	20,445
Total	3,034,877

Excess of revenue over expenses for the year	10,782
Surplus at beginning of year	128,868
Surplus at end of year	139,650

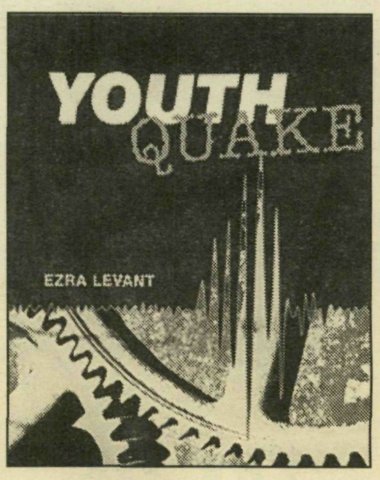
Audited by Price Waterhouse. A complete copy of the CTF's financial statement is available by writing the Canadian Taxpayers Federation at #105 - 438 Victoria Ave. E., Regina, Sask., S4N 0N7

Ulu/Nalujuk Players - Fly Low Baby 3,000
Abegweit Review - The Abegweit Review, Vol 8, #1 1,500
African Society of Prince Edward Island - Learning to Live Together 2,500
Belfast Pipe & Drum Band Inc. - Belfast Celtic Arts '95 2,400
Benevolent Irish Society of Prince Edward Island Inc. - Promotion of Cultural Awareness 3,735
Chinese Canadian Association of Prince Edward Island Inc. - Community and Cultural Development 2,000
Heritage Fall Festival Committee - Intercultural Awareness Activities 6,000
Indo Canadian Association of Prince Edward Island - East Indian Cultural Presentation and Workshops 1,800
Prince County Caledonia Club Inc. - Highland Dancing Workshop 2,400
Scottish Fiddlers and Ceilidh Dancers Association Inc. - Instructional Workshops 1,500
AIDS Nova Scotia - Theatre as Education 10,000
Association of Retired Teachers Segregated Schools - Publishing of Historical Reflections 6,600
Mulgrave Road Co-op Theatre - Exploration of Racism 7,820
Musical Workshops and All That Jazz - Music, History and All the Jazz 6,070
Native Council of Nova Scotia - Mi'kmawi'site'w Plalikewite'w 7,000
Pottersfield Press Limited - The Black Nova Scotian Authors Reprint Project 12,650
Ruck, Calvin Dr. - Black Military History Research Project 5,000
Union of Nova Scotia Indians - Research, Nova Scotia Mi'kmaq Veterans Books 5,000
Bear, Ned A. - Native Fine Crafts Exhibitions 2,800
Big Cove Cultural Committee - River of Fire Festival, River of Life Celebration of Micmac Heritage 5,000
Chinese Cultural Association of New Brunswick - Heritage Language Teaching Skill Improvement 2,440
Chinese Cultural Association of Saint John Inc. - Cross Cultural Dance Workshop 2,600
Micmac Maliseet Institute - Micmac-Maliseet Language Resource Centre 9,750
University of New Brunswick Student Union - Activities Promoting Cultural Diversity 4,050
Atelier De Theatre Grec Kostas Theonas Inc. - Seeing Beyond the Frontier 12,000
Baru Arts Music Et Danse - Hispanocan 4,000
Black Theatre Workshop - Phase II: Arts Management Program 11,000
Canadian Jamaican Sunsplash Artists Organization - Professional Development for Young West Indian Musicians 5,000
Editions Du Studio Des Lettres - Publication 4,500
Faculte De Musique Universite De Montreal - Centre de recherche sur les musiques du monde 20,000
Federation of Teachers of Jewish Schools - Convention 94 2,500
Jewish Education Council of Montreal - Professional Development for Language Teachers 4,500
Teesri Duniya - Achieving Professionalism in Multicultural Theatre 1994 22,000
Theatre Libre D'Haiti Au Quebec - Rara Metis Vol II 10,000
Wong, Mary Sui Yee - Commemoration of Arts Achievements of Canadian Women of Chinese Origin 5,000
Cross Cultural Arts Committee - Between Cultures Arts Dialogue 17,850
Windsor Review a Journal of the Arts - Windsor Review, Special Issue 1,350
Lar Business Printing - Publishing 5,250
Portillo Chavez, Ramon - From Mariona to Hamilton 5,000
Shair International Resource Centre - Multicultural Storytelling for Children and Adult 6,000
Sugar Majak Productions - Writing of feature film script on internment of Italian-Canadians during World War II 6,000
Worldwide International Awareness Centre - Promotion of Cross Cultural Understanding 8,000
Global Awareness Project Thunder Bay - The Multicultural Choral Voices of Thunder Bay, Phase I 7,500
Lyons, Dr. Richard - Artists in the Schools, District Expansion Phase I: Native Culture 8,000
Matawa First Nations Management Inc. - Nordics, Aboriginal Cultural Education 7,250
De Ba Jeh Mu Jig Theatre Group - Puppet Workshop 7,500
Northern Lights Festival Boreal - Skills Development 10,000
Storylinks - Some Women of the Porcupine Camp: An Illustrated Spoken History 3,800
Wikwemikong Development Commission - Promotion of Intercultural Music Appreciation 7,500
African Studies Association - Teachers' Workshop of African Studies Association 3,500
Board of Jewish Education - Professional Development Program 25,000
C S Wilson Centre - Black History Book Project . . . 3,000
Canadian Centre for Italian Culture and Education - Professional Development Assistance 30,000
Finnish Language Teachers' Association of Canada - Finnish Language Teachers' Seminar 1994 8,000
Italian Canadian Benevolent Corporation - History of ICBC, A Quarter Century of Community Development (1971-1995) 5,000
McLean, Dirk - The Journey of Ambition 5,000
Merrifield, Maria Louisa De Villa - Offrenda Art Exhibition 5,000
Narcisse, Jeannine - Intercultural Music Education Program (To be Taught in Elementary Schools) 3,750
Prologue to the Performing Arts - Cultural Awareness School Tour 3,000
St. Vladimir Institute - 1) Play Reading Series 2) Professional Development for Students 3) Appreciation of Cultural Diversity in the City for Youth 5,000
Sugar'N'Spice Productions - Theatre Production of Sistahs 7,500
Theatre Direct Canada - Girl Who Loved Her Horses 3,000
Theatre Flash Bantou - Theatre et musique en tete (TMT Tournee) 7,500
Theatre in the Rough - Kwakoo Anansi and Rescue in the Ant Kingdom 17,500
Toronto Theatre Alliance - Cross-Cultural Activities 13,000
World Heritage Publication - Publishing "I See you Everywhere" A Collection of Poems by Sheila Ramdass 2,500
Yes Oh Yes Drama Outreach - Who's Got the Power10,000
Yi, Sun Kyung - Nothing Sacred 1,700
Al Arz Lebanese Art Group - Lebanese Folk Operetta "BEYAA AL KHAWATEM" (The Seller of Rings) . . 6,000

BUY FOR SALE THE BOOK

Youthquake

by Ezra Levant



For the past two decades, Canadian politicians of all stripes have told us that it's time to stop "mortgaging our future." They've talked about the unfairness of saddling future generations with a massive public debt, and they've talked about the need to correct the deep flaws inherent in our welfare state entitlements.

But talk is no substitute for action, and all of the hackneyed rhetoric about generational equity has not stopped Canadian governments from racking up debt and liabilities estimated at over $1.7 trillion. That's real money which will have to be repaid by real people whose lives will be forever poorer because of it.

Those Canadians are only now coming of age, and they have hardly begun to realize the staggering volume of wealth that has been transferred, without their consent, from their own future to their parents' and grandparents' past. But sooner or later it will hit home, and when it does, the political consequences won't be pleasant.

This book is a bracing wake-up call to the generation born in debt, and is a warning salvo directed at those who have the power to change the course of public policy before it's too late. In *Youthquake*, Ezra Levant takes us on an entertaining tour of the decaying edifice of the Canadian welfare state, pointing out its cracks and flaws, all the while challenging the political orthodoxies on which it was built.

While many of Levant's peers have a general sense of the fiscal disaster which they are set to inherit, few have a deep understanding of the fiscal and political causes and consequences of it. *Youthquake* probes those questions with humour and passion, making it a compelling introduction to issues that are too often the preserve of policy specialists. Simply put, those who want to know the bottom line won't have to pour through actuarial tables or academic jargon to learn that a Canadian born in the 1970s will end up paying $200,000 more in taxes than he receives in services, or that the CPP premiums are set to triple over the next 20 years.

But even if they hear Levant's call to "stop the insanity," will members of the much maligned Generation "X" be moved to action before the demographic time bomb goes off? If recent experience is any indication, the answer is "no." Post-boomers were stereotypically *somnolent* during the 1996 round of the federal-provincial hearings on reform of the Canada Pension Plan, with only a handful bothering to air their views on an issue that will affect them far more profoundly than their grandparents.

While apathy and ignorance may still preserve a tenuous generational peace for now, Levant's *Youthquake* is bound to happen sooner or later. The political tensions are building, and as the children of the welfare state start to raise children of their own, they will undoubtedly begin to wonder why they're the first generation in modern history to see its living standard decline from that of their parents.

It's not a question of if the tremors will be felt, but when.

Please send me:

___ copies of *Youthquake* $14.95 . . . . ______
___ copies of *Our Home or Native Land* $19.95 . . . . ______
Add GST (7%) . . . . ______
Shipping and handling - first book ***$3.50***
Each additional book, add 50 cents each . . . . ______
Total order . . . . ______

Method of Payment

☐ Mastercard ☐ Visa ☐ Cheque

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Visa/Master Card #: ______________________
Name: ______________________ Address: ______________________
Address: ______________________ City: ______________________
Province: __________ Postal Code: __________

Please send order to: Canadian Taxpayers Federation, 105-438 Victoria Ave. E., Regina, Sask., S4N 0N7, Fax 306-352-7203

1997 PRE-BUDGET SURVEY

Please complete the following survey and return it to the address below.

1. The federal government has set a target for reducing the deficit to $24.3 billion by the end of this fiscal year. In your opinion, should the deficit be:

- ❑ reduced more quickly
- ❑ reduced at the current pace
- ❑ reduced more slowly
- ❑ increased

2. The federal government's net debt will reach $616 billion by the end of the next fiscal year. Do you believe Canada's debt:

- ❑ is too high
- ❑ is manageable
- ❑ could be increased

3. Given the size of the federal deficit and the level of federal taxes, do you think:

- ❑ the deficit should be eliminated before any tax cuts are introduced
- ❑ the deficit and taxes should be reduced simultaneously
- ❑ the deficit and taxes should remain at their current levels

4. In which areas do you feel the federal government should be reducing expenditures? (Please rank 1-8 with 1 = the deepest cut & 8 = least cut)

- ❑ Canadian Heritage ($2.6-billion budget for arts and culture subsidies such as the CBC)
- ❑ Foreign Affairs and International Trade ($3.8-billion budget)
- ❑ Human Resources Development ($24-billion budget for social transfers)
- ❑ Indian Affairs and Northern Development ($4.2-billion budget)
- ❑ Industry ($3.7-billion budget for business subsidies)
- ❑ National Defence ($10.6-billion budget)
- ❑ Parliament ($274-million budget)
- ❑ Transport ($1.8-billion budget for Crown corporation subsidies such as Via Rail)

5. Do you believe any government programs are currently underfunded? If so, which ones?

- ❑ yes
- ❑ no

____

6. In your opinion, are tax levels in Canada:

- ❑ far too high
- ❑ a little too high
- ❑ about right
- ❑ a little too low
- ❑ far too low

7. If you believe that either spending or taxes should be reduced, to what extent should reductions occur?

Spending	Taxes
__5%	__5%
__10%	__10%
__20%	__20%
__other	__other

8. If the federal government were to reduce taxes, which taxes should be cut first? (Please rank in order of priority with 1 = highest priority and 6 = lowest priority)

- ❑ Personal income taxes
- ❑ Corporate income taxes
- ❑ Payroll taxes (i.e. EI and CPP premiums)
- ❑ Capital gains taxes
- ❑ GST
- ❑ Excise taxes (i.e. on gasoline, tobacco)

9. Do you support legislation that would require the federal government to balance its budget on an annual basis?

- ❑ yes
- ❑ no

10. Do you support legislation that would set limits on:

- ❑ federal taxes ___yes ___no
- ❑ federal spending ___yes ___no

11. Do you support legislation that would require the federal government to conduct a referendum on tax increases and the introduction of new taxes?

- ❑ yes
- ❑ no

12. Have you ever engaged in activities to avoid paying taxes? ❑Yes ❑No ❑Not sure

13. How would you rate the current federal government's fiscal record?

- ❑ excellent
- ❑ good
- ❑ satisfactory
- ❑ poor

Please return to: the Canadian Taxpayers Federation
#410 9707-110 Street, Edmonton, Alberta, T5K 2L9
Fax: 403-482-1744
City/Town: ________________
Provincial Constituency________________
Are you a CTF supporter? __yes ___no

Ashtar Dance Group of Ottawa - "The Phoenix" Translated from the Arabic "Ta'er Assamarmar" 3,000
Black History Ottawa Commitee - Black History Month, 1995 8,000
Culture Cambodia - Cambodian Dance Instruction . 7,000
Diaz, Luciano P. - Translation of "Los 39 Avos Fragmentos Del Clan" 3,000
Ediciones Cordillera - Publication of Book of poetry 5,275
Multicultural Arts for Schools and Communities - Cultural Outreach to Eastern Ontario, Cultural Outreach to National Capital Region Francophone Community . 18,000
Ottawa Caribbean Cultural Committee - Exploring the Potential of Culture as a Base for Community and Economic Developement 15,000
Ottawa Hispanic Cultural Association - Hispanic Promotion of Artistic Expression 3,500
Possibilitiis Literary Arts Magazine - Writers' Developmental Workshops 3,500
Sisterhood of the Holy Virgin Orthodox Church in Ottawa - A Workshop for Creating of Artifacts in the Traditional Russian Styles 1,920
Sookhraj, Ramah, Rabindranath (Robin) - Year of the Family 2,900
Subramaniam, V. - Staging Two Dance Dramas: 1. Dharma Netrini 2. Krishnaveni 3,000
Dante Alighieri Cultural Society - Focus on the Family 9,500
Dumisani Productions - Development Workshop and Play 7,000
Festival Des Videastes Du Manitoba Inc. - Production d'un video sur le theme "La violence et les conflits familiaux" 5,000
Folk Arts Council of Winnipeg Inc. - Artists in the School, Implementation Phase 15,000
Hanover Steinbach Historical Society Inc. - East Reserve Pioneer Village Research Project 1874-1910, Volume III 5,000
Hinode Taiko - Hinode Taiko Cultural Activities.... 9,000
Hugh John MacDonald Junior High School Challenge Program - School Days 2,300
Hutterian Education Committee - Hutterian German Teachers Training In-Service 4,000
Jewish Historical Society of Western Canada Inc. - Editing of "The Jewish Woman in the Home and the Community" 5,000
Karante Productions Inc. - Family Albums...... 10,200
LeBeau, Anita - Louise 7,000
Manitoba Association for the Promotion of Ancestral Languages Inc - Education, Communication and Resource 21,000
Manitoba Italian Heritage Committee - Through the Prism of History 5,000
Manitoba Italian Writers Group - The Italian Women in Canadian Literature Conference 10,000
Manitoba Parents for German Education Inc - The enhancement of the learning of the German language, the understanding of others, and the caring for our planet 12,000
Manitoba Parents for Ukrainian Education Inc. - Awareness/Access 12,000
Manitoba Theatre for Young People Inc. - Access to the Arts: Outreach and Training, Phase II 10,000
Manitoba 125 Project Committee - Manitoba 125, An Historic Opportunity 5,000
Theatre 100 - Multicultural Theatre 4,000
University Women's Club of Winnipeg Inc. - A Metis Suite, Giving Voice to our Traditions 5,000
Winnipeg Jewish Theatre Inc. - Educational Outreach Program 4,000
World Beat - One World Multi-Media Series (Working Title) 3,000
Manitoba Museum of Man and Nature - Winnipeg 1919: A City in Crisis 9,000
Winnipeg Film Group Inc. - Screenings and Workshops 3,500
Winnipeg International Children's Festival Inc. - Celebrating the International Year of the Family 12,000
Board of Education of the Regina School Division No. 4 of Saskatchewan - Cultural Interaction Through Creative Expression 27,498
Multilingual Association of Regina Inc. - Certificate in Heritage Language Instruction/Heritage Language Training of Teachers 9,000
Multilingual Association of Regina Inc. - Resource Material Guidebook for Heritage Language Schools. . 11,160
Regina Multicultural Council - Kaleidoscope, A Multicultural Art Experience 8,000
Salvadorean Spanish School Inc. - Workshop: Update Change of the Language and Design of New Standard Teaching Method 3,840
Saskatchewan Organization for Heritage Languages Inc. - Heritage Language Promotion and Professional Development 23,050
Saskatchewan Organization for Heritage Languages Inc. - A Review of Multiculturalism from a Regional Perspective 6,000
Pinoy Digest Inc. - Teacher's and Performing Art Training Seminars 1,950
Prince Albert Multicultural Council - Canadian Identity Through Creative Art and March 21 Activity 5,925
Saskatoon Multilingual School - Saskatoon Multilingual School Heritage Language Teacher Professional Development Program 18,000
Great Northern Arts Festival Society - Promotion of Intercultural Activities 10,000
Sila Visual Arts Centre - Arts Newsletter 4,000
Yellowknife Arts and Crafts Festival Society - Promotion of Intercultural Awareness 5,000
Assoc for English-German Bilingual Education of Edmonton - Heritage Language Linguistic Progression . . 5,980
Azimuth Theatre Association - Research and Development for the Violence in Schools Project 5,700
Black Cultural Research Society of Alberta - We Are Family, A Program to Promote Race Relations and Understanding of Afro-Canadians 13,000
Edmonton Heritage Festival Association - Development Workshops 9,100
Jasper Heritage Folk Festival Society - Promotion of Ethnocultural Appreciation 8,500
Kyklos Hellenic Performing and Literary Arts Group - Development Workshops 3,000
Muslim Research Foundation - Al-Ilmu Noorun Knowledge, Illuminates 5,000
Northern Alberta Heritage Language Association - Concern and Issues: Directions of Heritage Languages '95 26,500
Out of the Silence Committee - Out of the Silence, A Documentary Film 10,000
Ukrainian Canadian Congress Alberta Provincial Council - Instructor's Workshop 3,000
University of Alberta Faculty of Education - Antiracism Strategies 5,000
Western Carnival Development Association - Cariwest Development 8,600
100 Miles Film Group - Shepherd's Pie and Sushi . 3,435
All Nations Theatre Society - Strengthening the Bridges of Change 23,000
Calgary Board of Education Fred Seymour Elementary School - Artists in Schools Residency Program . . 3,750
Calgary Media Inter'l Society - Global Rendezvous 21,600
Southern Alberta Heritage Language Association - Three Year Strategic Plan 20,000
450 Years of Croatians in Canada - 450 Years of Croatians in Canada 5,000
450 Years of Croatians in Canada - 450 Years of Croatians in Canada, Book Project 6,650
Nakai Theatre Ensemble Society - Land(e)scapes, Theatrical Production 2,000
Yukon Teachers' Association - Cultural Expression: Yukon "The Future is Ours" 8,900
British Columbia Museums Association - Multicultural Issues Seminars and Cultural Resource Training Materials 1994 15,000
Chow, Lily - A History of Chinese in Northern British Columbia Interior 5,000
En'owkin Centre - En'owkin Art Gallery 7,000
Media Network Society - Like Father, Like Son . . . 15,000
Quadra Productions - Victoria Heritage Video.... 15,000
Royal British Columbia Museum - Golden Mountain, A Chinese Canadian Celebration 13,500
Theytus Books Limited - Telling Our Own Story . . . 4,500
Victoria Immigrant and Refugee Centre Society - Art Project 7,000
B.C. Heritage Language Assoc. - B.C. Heritage Teachers, Workshops and Professional Development..... 12,000
Chinese Language Association of British Columbia - The Trend of Chinese Language Education in British Columbia and Canada 7,540
Karen Jamieson Dance Company - Gawa Gyani: A Ceremony of Law 10,000
Kokoro Dance Theatre Society - Rage 13,600

Canada's federal & provincial governments are conspiring to

RAISE your TAXES

by $722 A YEAR

STOP THE PROPOSED $10-BILLION CANADA PENSION PLAN TAX GRAB!!

The state of the Plan

The CPP is in a state of crisis. It now pays out over $5 billion more a year than it takes in -- an unsustainable shortfall. Years of neglect, failure to predict aging trends, declining wages, skyrocketing disability pay outs and an inherently flawed "pay-as-you-go" system have brought the Plan to its knees.

The proposed tax hike

Our government's solution is predictable -- raise taxes. Ottawa and the provinces are proposing to raise CPP rates from 5.6% to 10.0% of earnings. That translates into a $9.8-billion tax hike, or $722 a year for the average taxpayer and his/her employer. It's only a short-term solution and does not guarantee an end to future CPP rate hikes.

The effect on jobs

Reports indicate that past CPP rate increases have killed jobs. A study by the federal government indicates that the increases in CPP and QPP (Quebec Pension Plan) from 1986 to 1993 reduced employment by nearly 26,000 jobs and that further premium increases would double the job losses by the year 2000 and double *it again by 2016.*

An alternative solution

A Mandatory Retirement Savings Plan (MRSP), in place of the CPP, would put an end to the perpetual rate increases. MRSPs would act much like RRSPs, being privately managed, individually accounted, fully-funded, defined contribution plans. This plan would provide all working Canadians with higher rates of return.

Three things you can do:

1. Call your provincial finance minister & your MLA or MPP. Tell them what you think of higher taxes.
2. Call federal Finance Minister Martin at (613) 996-7861 and your MP. Tell them what you think of higher taxes.
3. Fill in the "Stop the CPP Tax Grab" petition below - we'll take it to Mr. Chretien for you.

For further information on the proposed tax grab and the CTF's MRSP alternative, phone 1-800-661-0187

Fill in this coupon & we'll take it to the Prime Minister for you.

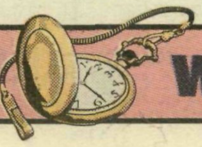
Dear Mr. Prime Minister:

Canadians cannot afford any more tax increases. I call on your government and those of the provinces to reject any future CPP contribution rate increases and enact legislation that would replace the CPP with a Mandatory Retirement Savings Plan.

Name (please print)____________ Address: ____________

City/town: ____________ Prov: ____________ Postal Code: ____________

Mail to The Canadian Taxpayers Federation, #410 - 9707 - 110 St., Edmonton, Alberta T5K 2L9, Fax: 403-482-1744

Time is running out!!  **WRITE TODAY!!**